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IDAHO PUBLIC
UTILITIES COMMISSION

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)	CASE NO. AVU-E-11-01
OF AVISTA CORPORATION FOR THE)	CASE NO. AVU-G-11-01
AUTHORITY TO INCREASE ITS RATES)	
AND CHARGES FOR ELECTRIC AND)	
NATURAL GAS SERVICE TO ELECTRIC)	DIRECT TESIMONY
AND NATURAL GAS CUSTOMERS IN THE)	OF
STATE OF IDAHO)	DON F. KOPZCYNKI
)	

FOR AVISTA CORPORATION

(ELECTRIC AND NATURAL GAS)

1 I. INTRODUCTION

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

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

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

10 A. Yes. Prior to joining the Company in 1979, I
11 earned a Bachelor of Science Degree in Engineering from the
12 University of Idaho. I have also earned a Master's Degree
13 in Engineering from Washington State University, a Master's
14 Degree in Organizational Leadership from Gonzaga
15 University, and a Master's Degree in Business
16 Administration from Whitworth University. Over the past 31
17 years I have spent approximately 18 years in Energy
18 Delivery, managing Engineering, various aspects of
19 Operations, and Customer Service. In addition, I spent
20 three years managing the Energy Resources Department,
21 including Power Supply, Generation and Production, and
22 Natural Gas Supply. I have worked in the areas of
23 Corporate Business Analysis and Development, and served in
24 a variety of leadership roles in subsidiary operations for
25 Avista Corp. I was appointed General Manager of Energy
26 Delivery in 2003 and Vice President in 2004. In April 2011
27 I was appointed to my current position of Vice President of

1 Customer Solutions. I serve on several boards, including
2 the Washington State Electrical Board, Northwest Gas
3 Association, American Gas Association, Common Ground
4 Alliance, University of Idaho and the Washington State
5 University Engineering Advisory Boards.

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

7 A. I will provide an overview of the Company's
8 electric and natural gas energy delivery facilities and
9 operations. I will also explain some of our efforts to
10 control costs, increase efficiency, and improve customer
11 service, as well as summarize Avista's customer support
12 programs in Idaho. I will provide an update on the
13 progress related to the customer relations issues
14 identified in AVU-E-10-01 and AVU-G-10-01.

15 A table of the contents for my testimony is as
16 follows:

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17 I. Introduction	1
18 II. Overview of Avista's Energy Delivery Service	3
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20 IV. Cost Control and Efficiency Efforts	7
21 V. Customer Support Programs	15

23

24 **Q. Are you sponsoring any exhibits in this**
25 **proceeding?**

26 A. Yes. I am sponsoring Exhibit 8, Schedule 1 which
27 shows the detailed usage and number of customers for each
28 customer class.

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

2 **Q. Please describe Avista Utilities' Idaho electric**
3 **and natural gas utility operations.**

4 A. Avista Utilities operates a vertically-
5 integrated electric system. In addition to the
6 hydroelectric and thermal generating resources described
7 by Company witness Mr. Lafferty, the Company has
8 approximately 10,438 circuit miles of conductor in the
9 following categories in Idaho: 984 miles of 230 kV
10 transmission, 1,675 miles of 115 kV transmission, and
11 7,779 miles of distribution line at a variety of voltages.
12 The predominant distribution voltage is 13.2 kV.

13 Avista owns and maintains a total of 1,952 miles of
14 natural gas distribution lines in the state of Idaho, and
15 is served off of the Williams Northwest and Gas
16 Transmission Northwest (GTN) pipelines. A map showing the
17 Company's electric and natural gas service area in Idaho
18 is provided by Company witness Mr. Morris at page 2 of
19 Exhibit 1.

20 As detailed in the Company's 2009 electric Integrated
21 Resource Plan¹, Avista expects retail electric sales growth
22 to average 1.7% annually for the next ten years and 1.7%
23 annually over the next twenty years in Avista's service
24 territory, primarily due to increased population and
25 business growth.

¹ A copy of the Company's 2009 Electric IRP has been provided by Mr. Lafferty as Exhibit 4, Schedule 1.

1 Also, based on Avista's 2009 natural gas Integrated
2 Resource Plan², in Idaho/Washington the number of natural
3 gas customers are projected to increase at an average
4 annual rate of 2.2%, with demand growing at a compounded
5 average annual rate of 1.0%.

6 **Q. How many customers are served by Avista Utilities**
7 **in Idaho?**

8 A. Of the Company's 358,982 electric and 319,141
9 natural gas customers (as of December 31, 2010), 122,381
10 and 74,207, respectively, were Idaho customers. Avista's
11 largest electric customer in Idaho is the Clearwater Paper
12 facility located in Lewiston, Idaho.

13 **Q. Please describe the Company's operations centers**
14 **that support electric and natural gas customers in Idaho.**

15 A. The Company has construction offices in
16 Grangeville, Orofino, Lewiston-Clarkston, Moscow-Pullman,
17 Kellogg, St. Maries, Coeur d'Alene, Sandpoint and Bonner's
18 Ferry. Avista's four customer contact centers in Spokane,
19 Washington, Coeur d'Alene and Lewiston, Idaho, and Medford,
20 Oregon, are networked, allowing the full pool of regular
21 and part-time employees to respond to customer calls in all
22 jurisdictions.

23 **III. DISTRIBUTION OPERATIONS**

24 **Q. What construction and maintenance programs does**
25 **the Company have in place to maintain electric and natural**
26 **gas facilities?**

² A copy of the Company's 2009 Natural Gas IRP has been provided by Mr. Christie at Exhibit 7, Schedule 1.

1 A. The Company utilizes seasonal and regular crews
2 for electric and natural gas construction, including new
3 and reconstructed lines, damage repair, and connecting new
4 customers. The Company employs contract crews and
5 temporary and part-time employees to meet customer needs
6 during the peak construction season. The Company also has
7 several maintenance programs to maintain the reliability of
8 our electric and natural gas infrastructure. On the
9 electric side, this includes the Company's Asset Management
10 Program (including wood pole inspection and replacement),
11 vegetation management, and electric transmission line
12 inspection and reconstruction. Company witness Mr. Kinney
13 discusses this program in more detail.

14 **Q. Please describe any ongoing maintenance plans for**
15 **the Company's natural gas operations?**

16 A. Natural gas operations performs necessary
17 maintenance required by the US Department of Transportation
18 Pipeline Safety Regulations, 49 CFR, Part 192. Ongoing
19 maintenance focuses on valve and regulator stations,
20 atmospheric corrosion protection, and leak surveys. The
21 following is further detail regarding the natural gas
22 maintenance programs the Company has or is in the process
23 of implementing:

24 **1. Isolated Steel Replacement Program.** The Company is
25 obligated to maintain all below-ground steel
26 pipelines in accordance with 49 CFR§ 192.455
27 External Corrosion Control: Buried or Submerged
28 Pipelines Installed After July 31, 1971. The
29 Company has implemented a special cathodic
30 protection program for the purpose of finding, as
31 practicable, all isolated steel in its natural gas

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piping systems. The method for finding the isolated steel will be by full-interrupted current surveys. This test method will enable Avista personnel the opportunity to record both on and instant off pipe-to-soil (p/s) voltage potential readings on the pipe in all cathodic protection zones in the Company's gas systems in Idaho, Washington, and Oregon. In addition to these surveys, the Company will review its Geographic Information System database and other information as necessary to determine the probable locations of any isolated steel. The program is scheduled to survey the gas cathodic protection zones in Idaho in 2013.

Capital work for riser replacements and isolated steel pipe remediation will continue for up to ten (10) years until all isolated steel risers are removed and all isolated steel is removed, tied in with existing steel piping systems, or permanently bonded into the system with a test point container.

The operating and maintenance labor costs for Idaho's portion of this project in 2012 are planned to be \$162,000 and the capital costs are \$1.1 million. Company witness Ms. Andrews has incorporated the additional O&M into her adjustments.

2. Increased Leak Survey of Aldyl-A Pipe. Avista, as part of a Settlement Agreement with the Washington Utilities and Transportation Commission (UTC) (ref. Docket PG-082253), will perform annual leak surveys of certain Aldyl-A mains installed prior to 1987. These surveys are in addition to existing leak survey requirements and shall be performed in each of the three years following approval of the Settlement, and periodically thereafter as warranted, after consultation with UTC Staff. The Company will also begin doing such additional surveys in Idaho and Oregon.

The 2011 cost for the increased leak survey in Idaho is approximately \$14,000. Ms. Andrews has incorporated the additional labor costs into her adjustments.

3. Replacement of Aldyl-A Pipe. The Company is developing a special program to remove Aldyl-A pipe installed prior to 1987 from its system. Through the use of Avista's Distribution Integrity Management Program (DIMP) (Ref. 49 CFR 192, Subpart P), Avista will identify segments of pipe at highest risk of leakage, and create work plans to replace those segments with modern polyethylene pipe. Currently there are approximately 265 miles of pre-1987 Aldyl-A pipe installed in Idaho. The Company will remove the Aldyl-A pipe in Washington and Oregon through the DIMP program as well.

1
2 The cost associated with this special program is
3 preliminarily estimated to approach \$320 million
4 over a twenty (20) year program lifetime, of which
5 approximately \$65 million is for pipe existing in
6 Idaho. The Company has not requested additional
7 costs associated with this program in this filing,
8 but is developing a plan for cost-recovery.
9

10 **4. Atmospheric Testing Program** - Atmospheric Testing
11 is an inspection program to find conditions in the
12 Company's system that could lead to corrosion
13 issues on customer meter sets. This "Atmospheric
14 Corrosion" inspection program is a federal code
15 mandated program that requires the Company to
16 inspect all above ground steel pipe at a frequency
17 not to exceed three years. It was in effect prior
18 to automated meter reading (AMR), but prior to AMR
19 was often satisfied through the use of meter
20 readers reporting the condition of our meters on
21 associated above ground steel piping.
22

23 Atmospheric testing expenses increased in 2010 due
24 to using an outside vendor to perform the testing.
25 In 2007, the Company used meter readers and
26 students to perform the testing. Once AMR was
27 implemented, however, meter readers were not going
28 into the field to inspect these meters.
29

30 The Company completes this testing in each state
31 over a three year period, rotating through one
32 state per year. Idaho is being completed in 2011 at
33 a cost of \$450,000. The Company is requesting to
34 recover Idaho's cost over a 3 year period (2012-
35 2014), one-third per year, and therefore Ms.
36 Andrews has pro formed \$150,000 for atmospheric O&M
37 expense within her adjustments. The Company has
38 received approval of this agreement in Oregon and
39 has also requested recovery in its Washington
40 general rate case in Docket No. UG-110877.
41

42 IV. COST CONTROL AND EFFICIENCY EFFORTS

43

44 **Q. What actions or specific measures has the**
45 **Company undertaken to control costs and mitigate the**
46 **requested rate increases?**

47 **A.** Avista's efforts to control its costs have not
48 been prompted solely by the most recent downturn in the

1 economy. We have continually revisited our costs and
2 operating practices over time in order to mitigate price
3 increases for our customers. Other measures we have taken
4 include the following:

- 5
6 1. Avista approved a lower capital budget than was
7 requested by the Company's Engineering and
8 Operations personnel. The original capital projects
9 request for approval in 2011 consisted of projects
10 totaling over \$292 million. The Capital
11 Prioritization Committee reduced the list of
12 recommended projects by \$62 million to the \$230
13 million capital budget approved by the Board
14 (excluding Stimulus Projects³). In addition, the
15 Company prioritized O & M facility maintenance and
16 improvement projects and removed projects that
17 could be delayed without safety or operational
18 concerns.
- 19
20 2. Retirees are now picking up the full premium
21 increases on the health insurance coverage. A few
22 years ago retirees under age 65 were paying 10% of
23 the health insurance premiums and now they pay 50%
24 on average.
- 25
26 3. The Defined Benefit Pension Plan's benefit formulas
27 were reduced (approximately 28%) for all non-union
28 new hires effective January 1, 2006 and for all new
29 union hires effective January 1, 2011.
- 30
31 4. Bargaining Unit's wages were kept in line with
32 neighboring investor-owned utilities and PUDs.
- 33
34 5. Avista is currently operating under a hiring
35 restriction which requires approval by the
36 Chairman, CEO and President, President of the
37 Utilities, CFO, and Sr. VP for Human Resources for
38 all replacement or new hire positions.
- 39
40 6. The Company has increased shift coverage company-
41 wide for natural gas and electric servicemen for

³ Avista was awarded matching grants from the U.S. Department of Energy for two "Smart Grid" projects. One project will upgrade portions of the utility's electric distribution system to smart grid standards in Spokane, Washington and the other project is a demonstration project in Pullman, Washington that involves automation of many parts of the electric distribution system using advanced metering, enhanced utility communication and other elements of smart grid technologies. Avista will request future recovery of its share of these costs from Washington customers.

1 after - hours calls. This provides for more prompt
2 call response at lower cost (straight time versus
3 overtime).
4

5 These programs are examples of the extensive efforts
6 by Avista to identify and implement efficiency measures
7 and/or productivity improvements while continuing to
8 provide quality service to customers.

9 **Q. What other cost-management measures has the**
10 **Company undertaken?**

11 A. We continue to pay particular attention to
12 limiting the growth in our costs, while meeting important
13 reliability and environmental compliance requirements, and
14 preserving a high level of customer satisfaction.

15 The measures listed below are among some of the most
16 recent actions we have taken to mitigate the impact of
17 increased costs on our customers:

18
19 1. **Mobile Dispatch - Electric.** In December 2010, the
20 implementation of wireless laptop computers with
21 mobile maps (Mobile Dispatch) was deployed to
22 approximately one-half of Avista electric
23 servicemen. Mobile dispatch was previously
24 implemented in June 2006 to all Avista natural gas
25 servicemen. Mobile Dispatch automatically
26 dispatches work orders to Avista servicemen
27 throughout the day through wireless technology to
28 laptop computers mounted in Avista service trucks.
29 Prior to Mobile Dispatch, orders were created in
30 Avista's work management system and printed at the
31 local construction offices. Employees in each
32 office would sort, assign and dispatch (via phone,
33 pager, fax or in person) orders each morning. The
34 field employees would work with the orders and call
35 in the completed work periodically throughout the
36 day or simply turn-in the stack of completed orders
37 at the end of the day. The completed orders were
38 manually completed by employees who entered the
39 information regarding the order back into the work
40 management system. The paper processes made it
41 difficult to track the status of individual orders

1 and fieldworkers throughout each day. It was also
2 very difficult for the dispatchers to keep up with
3 the volume of paper being sent out each morning,
4 changes to the orders that occurred during the day,
5 and completed orders returned at the end of the
6 shift.

7
8 Mobile Dispatch has automated the order creation,
9 modification and completion process. With the new
10 technology, orders are created in the work
11 management system and are automatically dispatched
12 to the correct field worker based on the order's
13 Latitude/Longitude position and the person assigned
14 to work orders in that area. Once a field employee
15 has been identified, the order is sent through
16 wireless technology to the laptop computer mounted
17 in Avista's service truck. The order is then
18 reviewed by the employee for specific information
19 needed to complete the work. The order status is
20 transmitted back to the dispatch center, as the
21 employee indicates they are en route, on-site,
22 and/or have completed the work. The completed
23 order is transmitted back to the work management
24 system where it is closed automatically.
25 Dispatchers have complete information for each
26 order and a field employee's status. They have the
27 ability to manage and redistribute work by simply
28 dragging and dropping orders from one field
29 employee to another. The orders instantly move
30 from the originally-assigned laptop to the newly-
31 assigned laptop.

32
33 2. **ARCOS automated crew call-out.** In November of 2009,
34 Avista replaced its semi-automated process of
35 calling gas and electric servicemen into work for
36 after-hours emergencies with a web-based system
37 called ARCOS. Faster calls, e-mail, texting and
38 paging functionality with real-time employee
39 availability and crew tracking are a few of the key
40 features of the new system. The result has been a
41 significant reduction in the time it takes a
42 dispatcher to call field personnel, allowing more
43 time to assess and analyze outages and trouble
44 orders.

45
46 3. **Keyhole Technology.** This process helps us cost-
47 effectively expose underground pipes to perform
48 some of our natural gas repair and maintenance work
49 without cutting into and excavating concrete.
50 Keyhole technology allows the Company to work on
51 underground facilities through an 18 inch-diameter
52 hole in a street's pavement. When the job is done,
53 the street is restored by putting the pavement core
54 back into place with no waste from asphalt mixing.

1 Cost reductions also come from eliminating the need
2 for a backhoe and asphalt hot-patch crew or
3 replacing concrete.
4

5 **4. Remote Installation/Removal of Hot Line Holds.**
6 A Hot Line Hold (HLH) is a temporary relay setting
7 that a feeder breaker/recloser is placed into
8 whenever utility personnel are working on or in the
9 proximity of energized power lines. This setting
10 prevents the normal reclosing of breakers so that
11 in the event of contact with the wire, the device
12 will open and remain de-energized. The application
13 of the setting has traditionally been a
14 physical/manual push button operation of a switch
15 at the station breaker along with the physical
16 tagging for notification and identification
17 purposes. For approximately 10 years, Avista has
18 utilized the Distribution SCADA system and a device
19 within our substations called the 43H switch to
20 remove the Hot Line Hold upon completion of work
21 done by crews out in the field. Field personnel
22 would then be required to travel to the substation
23 to remove the tag from the breaker. The Company's
24 new procedure allows Avista to return the breaker
25 to normal operation in a timely manner through
26 updated software and hardware that allows the work
27 to be done by a dispatcher located at the Avista
28 main office.
29

30 **Q. What improvements have been made in the area of**
31 **customer service?**

32 A. Avista also has a number of ongoing process
33 improvement measures related to customer service that have
34 provided savings and efficiencies as described below.

35 **1. Avista's Customer Service Analyst Team** constantly
36 challenges themselves to find ways to improve the
37 business without compromising customer
38 satisfaction. Initiatives such as automated
39 address corrections⁴ prior to bill printing and
40 automated address returns with the US Postal
41 Service, reviewing collection notice parameters,
42 implementing email management processes,
43 improving system response time, designing a
44 comprehensive screen view, ebill promotions and
45 other miscellaneous improvements resulted in over

⁴ This process validates address formats for conformance with USPS regulations and makes corrections to avoid the cost associated with address corrections.

1 \$1 million of productivity savings from 2004-
2 2010. Examples included within the \$1 million
3 in savings include options that give customers
4 more choices such as:

- 5 a. E-bill - 78,346 customers enrolled - Savings
6 \$.50 per bill per month.
- 7 b. Web payment process - reduced company cost
8 from \$.80 to \$.10 per transaction - 53,000
9 transactions per month.

10
11 **2. Enterprise Voice Portal (EVP) System.** In mid-
12 2009, Avista implemented its new EVP System. The
13 new EVP system replaced the Company's old
14 Integrated Voice Response (IVR) system, installed
15 in 1997, which was no longer being supported by
16 the vendor. The new EVP system handled 753,000
17 customer calls in 2010 (approximate offset of 38
18 Full Time Equivalent employees). This was 48.3%
19 of the total inbound calls into Avista. The new
20 EVP system has several new features that will
21 increase customer self service capabilities and
22 improve customer satisfaction, including the
23 ability to generate customized, automated
24 outbound calling campaigns. In 2010, over 26,000
25 customers were contacted using this automated
26 system, with messages ranging from planned
27 maintenance that may interrupt their electrical
28 service, to important information about their
29 account - reducing the need for more expensive
30 customer contact options, such as mailed
31 postcards, door to door visits, or manual calling
32 by customer service employees.
33

34 The following table shows the avoided labor savings
35 from the IVR/EVP system from 1998 through 2010,
36 representing total cumulative savings of \$20.2 million.
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Table No. 1 - IVR/EVP Approximate Labor Savings

Year	IVR/EVP Handled Calls	FTE Equivalent	Approximate Labor Savings	Significant Changes
1998	84,889	5.1	\$ 270,416	Added Account Recap self-service
1999	158,353	9.6	\$ 504,437	
2000	214,828	13.0	\$ 684,339	
2001	294,609	17.8	\$ 938,483	Added Payment Arrangement self-service
2002	343,120	20.7	\$ 1,093,016	
2003	443,195	26.7	\$ 1,411,807	Added Electronic Payment self-service
2004	402,071	24.3	\$ 1,280,805	
2005	530,748	22.0	\$ 1,854,079	Enhanced Payment Arrangement self-service
2006	600,730	34.2	\$ 2,098,550	
2007	624,823	30.5	\$ 2,182,715	
2008	682,797	36.2	\$ 2,348,822	
2009	735,938	38.9	\$ 2,880,167	New EVP Implementation June, 2009
2010	753,613	38.1	\$ 2,792,259	

3. **Landlord workbench.** Landlords have web access to information regarding all of their apartment/rental units. In this pilot program, Landlords do not have to contact the Company to see whether or not service is on or has been discontinued. Landlords can check the status of each apartment on-line to see if their tenants have signed up for service with Avista.

4. **Construction workbench.** Online tool installed September 2010. This tool is aimed primarily at contractors and developers to request new or updated Avista services online. It automatically creates and sends job tickets to an Avista service worker's Blackberry or Smartphone. A Contractor can initiate a construction order on-line any time allowing them additional flexibility in scheduling and avoiding the requirement to contact the

1 Customer Service Design technician during normal
2 business hours.
3

4 **5. Supply Chain Management.** In 2010, the Company
5 kicked off an initiative designed to enhance supply
6 chain capabilities and create sustainable processes
7 that drive greater efficiency and value in an
8 environment of continuous improvement. This effort
9 focuses on the design and implementation of robust
10 strategic sourcing processes, tactical efficiency,
11 increased internal and supplier performance
12 (including operational metrics), and inventory
13 optimization. For example, each year we spend over
14 \$5 million on transformers. This year we changed
15 our transformer bidding process, which included
16 revisiting how we buy transformers, made changes to
17 the suppliers we use, how contracts are structured,
18 as well as the volume of transformers we buy at one
19 time. We estimate that these changes alone will
20 allow us to save approximately \$2 million in
21 capital costs per year on transformers for the next
22 three years. This savings will be redeployed to
23 enable our available capital dollars to replace
24 more utility infrastructure on a more timely basis
25 than would otherwise occur.
26

27 **6. Energy conservation and efficiency improvements at**
28 **Avista Facilities.** The Company actively practices
29 energy conservation and efficiency in our buildings
30 and facilities. The focus of these efforts is to
31 reduce energy consumption and manage energy costs
32 while providing comfort to building occupants. In
33 2010, Avista began benchmarking facility energy use
34 to continuously improve performance. Over the last
35 few years Avista has made great strides to improve
36 energy efficiency and reduce annual energy usage in
37 own facilities through a number of different
38 projects. Some of these projects include:
39

- 40 • Lighting retrofit projects in a number of
41 areas to reduce kWh usage and take advantage
42 of more efficient lighting fixtures;
- 43 • Replacing aging HVAC systems to improve energy
44 efficiency and take advantage of the controls
45 that new technology offers;
- 46 • Upgrading to high efficiency windows providing
47 better insulation and helping to reduce heat
48 gain in the summer months.
- 49 • Reconstruction of office space to meet
50 Leadership in Energy and Environmental Design
51 (LEED) standards.
52

1 V. CUSTOMER SUPPORT PROGRAMS

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

4 A. Avista Utilities offers a number of programs
5 for its Idaho customers, such as energy efficiency
6 programs, Project Share for emergency assistance to
7 customers, a Customer Assistance Referral and Evaluation
8 Service (CARES) program, senior programs, level pay plans,
9 and payment arrangements. Through these programs the
10 Company works to build lasting ways to ease the burden of
11 energy costs for customers that have the greatest need.

12 In the 2009/2010 heating season, 10,297 Idaho
13 customers received \$3.7 million in various forms of energy
14 assistance (Federal LIHEAP program, Project Share, and
15 local community funds).

16 Avista is committed to reducing the burden of energy
17 prices for our customers most affected by rising energy
18 prices, including low income individuals and families,
19 seniors, disabled and vulnerable customers. To assist our
20 customers' in their ability to pay, the Company focuses on
21 actions and programs in four primary areas: 1) advocacy
22 for and support of energy assistance programs providing
23 direct financial assistance; 2) low income and senior
24 outreach programs; 3) energy efficiency and energy
25 conservation education; and 4) support of community
26 programs that increase customers' ability to pay basic

1 costs of living. The following are examples of these
2 outreach programs to customers:

- 3 **1. Low-Income Work Bench:** The "Avista Energy Assistant"
4 is a new web-based, self-service tool which enables
5 Community Action Agencies (CAA) to access usage
6 history and credit and collection information
7 needed to qualify customers for energy assistance
8 grants. The Avista Energy Assistant was designed
9 in partnership with local Community Action Agencies
10 and was successfully deployed in the fall of 2009.
11 Both the CAAs and Avista benefit from this new
12 program. The CAAs no longer have to call Avista
13 for the information needed to help our customers.
14 With the customer's permission, they are able to
15 access the information they need, as well as, enter
16 a grant promise on the customer's Avista account.
17 In many cases, the CAAs are able to stop collection
18 activity by entering the grant promise, serving our
19 customers in a timely manner and saving CAAs the
20 time of calling the Company. The CAAs have all
21 reported positive feedback regarding Avista's
22 Energy Assistant.
23
- 24 **2. Gatekeepers Program:** Avista has implemented the
25 Gatekeepers Program, a program that trains field
26 personnel to be aware of signs that a customer may
27 be having difficulty with daily living tasks (e.g.
28 paper or mail not collected). The CARES
29 representatives conduct training of company-wide
30 field personnel who come into contact with
31 residential customers on a regular basis. In the
32 event employees identify a customer having
33 difficulty, the employee is asked to notify the
34 CARES representatives who would contact appropriate
35 community resources for assistance.
36
- 37 **3. Children's Energy Conservation Outreach:** Avista's
38 youth outreach program features Wattson the Energy
39 Watchdog. He's a mascot that teaches children and
40 their families about conservation and making wise
41 energy choices. The Wattson program has a number
42 of teaching tools for children that include
43 television advertising, a Web site at
44 AvistaKids.com, print collateral and an
45 entertaining live performance. The Wattson and
46 Edison Show is a stage performance designed for
47 school assemblies and community venues that
48 entertains as it educates kids and families. It
49 includes original songs and dances, sound effects
50 and demonstrations that keep the audience engaged
51 in a concise, 15-minute performance. The energy
52 conservation messages are all underscored with

1 activity pages and coloring books that they can
2 take home after the show.
3

4 **4. Senior Energy Outreach:** Avista has developed
5 specific strategic outreach efforts to reach our
6 more vulnerable customers (seniors and disabled
7 customers) with bill paying assistance and energy
8 efficiency information that emphasizes comfort and
9 safety. Some examples of this effort are as
10 follows:
11

12 • **Senior Publications:** Avista has created a one-
13 page advertisement that has been placed in senior
14 resource directories and targeted senior
15 publications to reach seniors with information
16 about energy efficiency, Comfort Level Billing,
17 Avista CARES and energy assistance. A brochure
18 with the same information has also been created
19 for distribution through senior meal delivery
20 programs and other senior home-care programs.
21

22 • **Senior Energy Workshops:** With the help of
23 additional workshop presenters, 22 Senior Energy
24 Workshops were held during the 2010/2011 heating
25 season in Idaho and Washington. Over 1600
26 seniors were reached and were given Senior Energy
27 Efficiency kits along with learning about low-
28 cost/no-cost ways to reduce energy use. Each kit
29 contains energy-saving items such as compact
30 fluorescent light bulbs, plastic window covering,
31 draft stoppers for exterior light switches and
32 outlets, v-seal for drafty doors and a polar
33 fleece lap blanket. The Company approaches
34 talking with seniors about reducing their energy
35 use very respectfully and carefully to assure
36 health, safety and comfort. We discuss lifestyle
37 changes that could be made and steps to take
38 before turning the thermostat up, and not keeping
39 the thermostat too low.
40

41 • **Senior Wellness Conference:** Over 3,000 seniors
42 attended the Senior Wellness Conference in the
43 fall of 2010. As one of the event sponsors,
44 Avista provided energy efficiency information in
45 the form of live demonstrations throughout the
46 day of how to install compact fluorescent light
47 bulbs, window plastic covering, v-seal for drafty
48 doors, rope caulking as well as other
49 weatherization materials. Each senior received
50 the materials that were shown at the
51 demonstration.
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5. Every Little Bit House: In partnership with KREM television, fifteen and thirty second vignettes were developed that cover low-cost and no-cost ways to save energy at home. The goal of the vignettes is to help limited income seniors and other vulnerable populations with their energy bills by providing home energy conservation education. The vignettes provide helpful energy conservation tips, information on community resources and ways for customers to manage their energy bills.

6. Energy Fairs: In 2010, Avista initiated and hosted two Energy Fairs, one in Coeur d'Alene, Idaho, and one in Spokane, Washington. The fairs provided information and demonstrations on energy assistance, energy efficiency and home weatherization to limited income families and senior citizens. Nearly 700 people attended the two fairs. The Energy Fairs provide an environment for customers to learn about billing options and energy assistance, while offering them tips and tools to use to help manage their limited financial resources.

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Q. Can you please provide an update on the customer relation issues identified in the Stipulation in AVU-E-10-01 and AVU-G-10-01?

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A. Yes. The following is a summary of the issues identified in the Stipulation and the status of each issue.

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1. The Company will review its policies and address in its next general rate case the appropriateness of charging for services it now provides without charge to customers or other parties, e.g., establishing new accounts or managing tenant/landlord accounts. The Company will also reexamine its existing non-recurring charges to determine whether those amounts cover a reasonable portion of the Company's current cost to provide those services.

43
44
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Status - Avista is in the process of a multi-state review of the appropriateness of charging for services it now provides without direct charge to customers as well as

1 a reexamination of its existing non-recurring charges.
2 Company witness Mr. Ehrbar provides more details in his
3 testimony.

4
5 2. The Company will use its best efforts to meet or
6 exceed its current contact center service level
7 standards.

8
9 Status - Avista is using its best efforts to meet or
10 exceed current service level standards of 80% answered
11 calls in 60 seconds. Our current level is 81% in 60 seconds
12 for 2011.

13
14 3. In coordination with Staff, the Company will
15 develop and conduct a study on Avista's deposit
16 policy and practices with respect to residential
17 customers. Among the objectives of the study would
18 be to determine if the current deposit policy
19 correctly identifies customers who pose a credit
20 risk to the Company, whether it encourages
21 customers who pose a credit risk to improve payment
22 habits, and whether it reduces the amount of credit
23 and collection activity as well as bad debt
24 associated with those customer accounts.

25
26 Status - Avista is currently working with Commission
27 Staff and has recently responded to a number (45) of
28 production requests and looks forward to working with Staff
29 on the completion of the deposit study.

30
31 4. The Company will hold at least five Senior Energy
32 Conservation workshops in different Idaho communities
33 prior to December 31, 2011.

34
35 Status - The Company held six Senior Energy
36 Conservation workshops in different Idaho communities in
37 2010 and plans to hold an additional six in 2011. The
38 following table shows the different locations the workshops
39 were held, as well as the number of attendees.

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Table No. 2 - Senior Workshops

Date	Location	Attendee's
6-25-10	St. Maries, ID	40
8-11-10	Post Falls, ID	60
9-15-10	Lewiston, ID	30
9-16-10	Sandpoint, ID	48
9-24-10	Coeur d' Alene, ID	56
9-29-10	Kellogg, ID	34
Total Participation		268

5. The Company will begin tracking and reporting to the Commission monthly data regarding customer credit activity.

Status - Avista has been tracking and reporting to the Commission monthly data regarding customer credit activity since December 2010.

6. The Company will actively monitor the Low Income Weatherization and Low Income Energy Conservation Education Programs to assure that the stated goals and objectives of these programs are achieved and that costs associated with these programs are prudently incurred.

Status - The Company is in regular communication with the agencies and has taken a more active role in overseeing the weatherization and conservation education programs in Idaho. The agencies have a required report that supports the programs and process when invoices are submitted as well as provides information for the Company's newsletter and bill inserts.

7. The Company will work with Commission Staff to address Staff's concerns about Avista's policies and practices with respect to: (a) opening and closing customer accounts, and (b) offering term payment arrangements to customers.

1 Status - Avista continues to work with Staff to
2 clarify the Company's process used for opening and closing
3 customer accounts. Staff intends to provide the Company
4 with a more detailed explanation of its concerns and
5 continue to work with the Company on the remaining issues.

6 **Q. Can you please provide an update on two**
7 **additional items contained in the Settlement Stipulation**
8 **regarding the continuation and level of funding for Low-**
9 **Income Weatherization, and Outreach for Low-Income**
10 **Conservation?**

11 A. Yes. On Page 9 of the Settlement Stipulation n
12 AVU-E-10-01 and AVU-G-10-01, the Company agreed to review
13 the level of funding for Low-Income Weatherization
14 (currently \$700,000 per year) and funding for Outreach for
15 Low-Income Conservation (currently \$40,000 per year). As a
16 part of that Stipulation, the Company increased Low-Income
17 Weatherization from \$465,000 to \$700,000, or 51%.
18 Similarly, the Company increased Outreach for Low-Income
19 Conservation from \$25,000 to \$40,000, or 60%. The Company
20 believes that the current level of funding, which has only
21 been in effect since October 1, 2010, still remains
22 sufficient and is not proposing any changes in the case.

23 **Q. Has the Company conducted any analysis as to how**
24 **the level of Low-Income Weatherization funding compares to**
25 **its Washington programs?**

26 A. Yes, we have. For 2011, the Company's DSM
27 Business Plan projects total Washington residential

1 incentives (including limited income) to be approximately
2 \$5.5 million. Of that amount, \$2.0 million, or 36% is for
3 low-income DSM. For Idaho, total residential incentives
4 (including limited income) is projected to be \$2.2 million.
5 Of that amount, \$0.7 million, or 33% is for low-income DSM.
6 Based on this analysis, the Company believes that its
7 current funding levels are appropriate.

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

10 A. Project Share is a community-funded program
11 Avista sponsors to provide one-time emergency support to
12 families in and around the Company's service area. Avista
13 customers and shareholders help support the fund with
14 voluntary contributions that are distributed through local
15 community action agencies to customers in need. Grants
16 are available to those in need without regard to their
17 heating source i.e., they need not be a customer of
18 Avista. In 2010, Avista Utilities' customers donated
19 \$316,600 on a system-wide basis, of which \$86,418 was
20 directed to Idaho Community Action Agencies. In addition,
21 the Company contributed \$126,227 to Project Share for the
22 benefit of Idaho customers in 2010.

23 **Q. What other bill-assistance programs does the**
24 **Company offer?**

25 A. In an effort to assist and educate customers
26 about options such as Comfort Level Billing, and Payment
27 Arrangements, we developed a campaign encouraging

1 customers to learn about and enroll in the various bill
2 assistance options available to them. This campaign was
3 launched in March 2009 in both Idaho and Washington. It
4 explained how Comfort Level Billing helps smooth out the
5 seasonal highs and lows of customers' energy bill and
6 provides the customer the option to pay the same bill
7 amount each month of the year. This allows customers to
8 more easily budget for energy bills and avoid higher
9 winter bills. This program has been well-received by
10 participating customers. Roughly 20,759, or 15%, of Idaho
11 electric and natural gas customers are on Comfort Level
12 Billing.

13 In addition, the Company's Contact Center
14 Representatives work with customers to set up payment
15 arrangements to pay energy bills, and choose a preferred
16 due date. In 2010, 32,248 Idaho customers were provided
17 with over 79,138 such payment arrangements.

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

19 A. In Idaho, Avista is currently working with over
20 1,145 special needs customers in the CARES program.
21 Specially-trained representatives provide referrals to area
22 agencies and churches for customers with special needs for
23 help with housing, utilities, medical assistance, etc. One
24 of the benefits we have in utilizing CARES representatives
25 is the ability to evaluate each customer, based on their
26 specific need and to educate them on what assistance is
27 available within the community that meets those individual

1 needs. A goal of the program is to enable customers to
2 manage not only their Avista bill, but other bills and
3 needs as well.

4 **Q. Can you please describe how the Company measures**
5 **customer satisfaction, and how important it is to Avista?**

6 A. Yes, our customer satisfaction is very important
7 to Avista. We measure satisfaction by doing a quarterly
8 survey we refer to as "Voice of the Customer" (VOC). The
9 purpose of the VOC Survey is to measure and track customer
10 satisfaction for Avista Utilities' "contact" customers
11 i.e., customers who have contact with Avista through the
12 Call Center and/or work performed through an Avista
13 construction office.

14 Customers are asked to rate the importance of several
15 key service attributes. They are then asked to rate
16 Avista's performance with respect to the same attributes
17 (time for connection to a representative, representative
18 being courteous and friendly, representative being
19 knowledgeable, being informed of job status, leaving
20 property in condition found, etc.) Customers are also
21 asked to rate their satisfaction with the overall service
22 received from Avista Utilities. Customer verbatim
23 comments are also captured and recorded.

24 Our most recent first quarter 2011 customer survey
25 results show an overall customer satisfaction rating of
26 88% in our Idaho, Washington and Oregon operating
27 divisions. This rating reflects a positive experience for

1 the vast majority of customers who have contacted Avista
2 related to the customer service they received.

3 In September 2010, J.D. Power and Associates
4 ranked Avista "Highest in Customer Satisfaction with
5 Residential Natural Gas Service in the Western U.S. among
6 Mid-Sized Utilities in a Tie." Avista's score of 654 placed
7 the Company highest in the segment, tied with Boise-based
8 Intermountain Gas Company. The segment average score on
9 this study was 629. The study surveys customer
10 satisfaction across a number of factors, including billing
11 and payment, price, corporate citizenship, communications,
12 customer service and field service.

13 As Mr. Morris already mentioned, we believe we
14 achieved this award because the Company has been listening
15 closely and doing the right things to serve our customers
16 well, as affirmed by the J.D. Power and Associates 2010
17 study. Achieving the highest ranking was a wonderful
18 recognition of our dedicated employees who are making the
19 difference.

20 **Q. Does this conclude your pre-filed direct**
21 **testimony?**

22 A. Yes.

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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)	CASE NO. AVU-E-11-01
OF AVISTA CORPORATION FOR THE)	CASE NO. AVU-G-11-01
AUTHORITY TO INCREASE ITS RATES)	
AND CHARGES FOR ELECTRIC AND)	
NATURAL GAS SERVICE TO ELECTRIC)	EXHIBIT NO. 8
AND NATURAL GAS CUSTOMERS IN THE)	
STATE OF IDAHO)	DON F. KOPZCYNKI
)	

FOR AVISTA CORPORATION

(ELECTRIC AND NATURAL GAS)

Customer Usage
State of Idaho - Electric & Natural Gas
As of December 31, 2010

Electric	Schedule	No. of Customers	kwh (000s)	% of Total kwh
	Residential Sch. 1	100,148	1,149,177	34%
	General Sch. 11&12	19,455	307,317	9%
	Lge. General Sch. 21&22	1,444	679,496	20%
	Ex. Lge. General Sch. 25&25P	9	1,155,179	34%
	Pumping Sch. 30,31&32	1,326	53,936	2%
	Street & Area Lights	124	13,822	0%
		<u>122,506</u>	<u>3,358,927</u>	<u>100%</u>

Natural Gas	Schedule	No. of Customers	Therms (000s)	% of Total Therms
	General Service 101	73,120	54,179	47%
	Lg. General Service 111&112	1,080	19,230	17%
	Interruptible Service 132	1	438	0%
	Transportation Service & Other	8	40,792	36%
		<u>74,209</u>	<u>114,639</u>	<u>100%</u>

Total Electric & Gas Customers	<u><u>196,715</u></u>
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