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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION	)	CASE NO. AVU-E-14-07
OF AVISTA CORPORATION FOR A	)	CASE NO. AVU-G-14-02
FINDING OF PRUDENCE FOR 2013	)	
EXPENDITURES ASSOCIATED WITH	)	
PROVIDING ELECTRIC AND NATURAL GAS	)	DIRECT TESTIMONY
ENERGY EFFICIENCY SERVICE IN THE	)	OF
STATE OF IDAHO	)	CHRIS D. DRAKE
	)	

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 Chris Drake. I am employed by Avista  
5 as Manager of Demand Side Management (DSM) Program  
6 Delivery. My business address is East 1411 Mission  
7 Avenue, Spokane, Washington.

8 Q. Would you please describe your education and  
9 business experience?

10 A. I graduated from Gonzaga University in 1992 with  
11 a Bachelor of Arts degree in Communications. I completed  
12 my Project Management certificate in 2005 from Washington  
13 State University and Gonzaga University.

14 I joined the Company in 1996 in the Hydro Licensing  
15 and Safety Department. In 1999 I accepted a program  
16 coordinator position and later became a program manager  
17 within the Marketing Department in 2000. After the 2001  
18 energy crisis, I assumed responsibilities for the majority  
19 of the residential portfolio that included prescriptive  
20 rebate offerings and later became responsible for the Low  
21 Income Weatherization program. I began my current position  
22 in August of 2010. I am responsible for design and  
23 implementation of in-house and third-party implemented

1 program delivery which includes Avista's prescriptive  
2 residential and some commercial and industrial DSM program  
3 offerings.

4 Prior to joining Avista, I served as an Infantry  
5 officer in the United States Army from 1992 until 1996,  
6 finishing my service as the battalion logistics officer  
7 deployed to Panama.

8 Q. What is the scope of your testimony in this  
9 proceeding?

10 A. I will provide an overview of the Company's DSM  
11 program offerings available to Idaho customers in the 2013  
12 program year.

13 Q. Are you sponsoring any exhibits to be introduced  
14 in this proceeding?

15 A. Yes. I am sponsoring Exhibit No. 2,  
16 "Confidential" Schedules 1 and 2. Schedule 1 includes  
17 documentation related to energy efficiency projects  
18 delivered through the Office of Energy Resources (OER).  
19 Schedule 2 is the documentation related to energy  
20 efficiency projects at Lewis-Clark State College.

21

1 II. OVERVIEW

2 Q. Would you please provide a brief overview of  
3 Avista's DSM programs?

4 A. Yes. Avista's core objective has historically  
5 been to provide customers with cost-effective energy  
6 efficiency services. Avista is in its 36<sup>th</sup> year of doing  
7 so. Avista's approach is to use the most effective  
8 "mechanism" to deliver energy efficiency services to  
9 customers. These mechanisms are varied and include: 1)  
10 prescriptive programs (or "standard offers" such as high  
11 efficiency appliance rebates); 2) site-specific or  
12 "customized" analyses at customer premises; 3) "market  
13 transformational," or regional, efforts with other  
14 utilities through NEEA; 4) low-income energy efficiency  
15 services through local Community Action Agencies; 5) low-  
16 cost/no-cost advice through a multi-channel communication  
17 effort; and 6) support for cost-effective appliance  
18 standards and building codes. I will be describing all of  
19 these program delivery mechanisms as they apply to  
20 residential, nonresidential and low-income customers later  
21 in my testimony.

22 Q. How does Avista make available its DSM program  
23 offerings and educate customers about energy savings?

1           A.   Avista continually provides opportunities for  
2 customers to learn about low cost/no cost ways to manage  
3 their home and business energy usage. The "Every Little  
4 Bit" Campaign has been the primary driver of this effort.  
5 We also provide tips through the Avista Utilities'  
6 website, on billboards, as well as radio and television  
7 spots throughout both the heating and cooling seasons. A  
8 variety of tips are provided throughout the year to help  
9 encourage efficient use of space heating and cooling,  
10 appliances and electronics as well as linking to and  
11 promoting related rebate opportunities as applicable. The  
12 campaign is reinforced by website tools and information  
13 including a comprehensive online Home Energy Analyzer  
14 where customers can see a representation of how their  
15 energy is being used and sign up for savings plans that  
16 fit their lifestyles. Similar broad-based techniques are  
17 used for both residential and nonresidential.

18           In addition, both residential and nonresidential  
19 customers have access to direct outreach activities.  
20 Avista offers energy fairs for residential customers, with  
21 emphasis given to low-income customers. Direct outreach  
22 for nonresidential customers is delivered through account  
23 executives and efficiency engineers who provide on-site

1 information regarding energy savings opportunities and  
2 available program information.

3

4

III. DSM PROGRAM OVERVIEW

5 Q. Please describe the residential DSM program and  
6 offerings provided in 2013.

7 A. The Company's residential portfolio provides a  
8 variety of measures, through different delivery channels,  
9 offering energy efficiency improvement opportunities to  
10 Avista customers. The majority of the residential  
11 portfolio is implemented through prescriptive rebates and  
12 processed in-house by Avista. New construction and  
13 existing residential homes (up to four-plex) that heat  
14 with Avista electric or natural gas, select from a list of  
15 energy efficiency measures with rebates for consideration  
16 of installation in their homes. Customers must purchase  
17 and install the equipment or qualifying energy efficiency  
18 measure and submit a rebate application with the  
19 appropriate documentation within 90 days of installation  
20 in order to receive an incentive.

21 In the 2013 program year Avista offered the following  
22 residential programs to Idaho electric and/or natural gas  
23 customers noted in Illustration 1:

1 Illustration No. 1:

2 **RESIDENTIAL**

3 High Efficiency Heat Pump  
4 Ductless Heat Pump  
5 High Efficiency Variable Speed Motor  
6 High Efficiency Tanked Water Heater  
7 Space Heat Conversion (Direct Use of Natural Gas)  
8 Water Heat Conversion (Direct Use of Natural Gas)  
9 Multifamily Natural Gas Market Transformation (Direct  
10 Use of Natural Gas)  
11 Ceiling, Attic, Floor, Wall Insulation  
12 ENERGY STAR® Homes  
13 ENERGY STAR® Appliances  
14 CFL (and CFL Recycling) Promotions  
15 "Second" Refrigerator/Freezer Recycling Program  
16 Community Events and Workshops  
17 Low-cost/no-cost information  
18 On-line Home Energy Audits and Analysis  
19 Simple Steps Smart Savings (CFLs and Showerheads)  
20

21 The residential programs shown above are primarily  
22 standard offerings, otherwise known as prescriptive  
23 programs.

24 Idaho residential customers also received Avista-  
25 sponsored programs in the form of manufacturer buy-downs  
26 for compact fluorescent lighting and low-flow showerhead  
27 measures (Simple Steps Smart Savings). These products  
28 have a lower retail price point at the time of purchase  
29 and are usually part of a regional, multi-state program  
30 offering.

1 Q. Please describe the nonresidential DSM offerings  
2 provided during this time.

3 A. Within the nonresidential segment, programs are  
4 offered to retail electric and natural gas customers  
5 through a combination of prescriptive rebates and site  
6 specific assessments. Prescriptive rebates are geared  
7 toward relatively uniform measures, applications and  
8 energy savings. This delivery method reduces  
9 implementation expense while simplifying participation for  
10 both customers and trade allies. The site specific  
11 offerings are available for all other efficiency measures  
12 and applications that are unique to a customer's business.  
13 In these situations, each energy efficiency project is  
14 individually analyzed based on the measure being installed  
15 and considers other variables that may be present in the  
16 building or in the process operation.

17 Illustration No. 2 below includes a list of  
18 nonresidential rebates available for electric customers in  
19 the 2013 program year:

20

21

22

23



1 Illustration No. 2:

- |    |   |
|----|---|
| 2  | <b>NONRESIDENTIAL (COMMERCIAL &amp; INDUSTRIAL)</b> |
| 3  | EnergySmart Grocer                                  |
| 4  | Power Management for PC Networks                    |
| 5  | Premium Efficiency Motors                           |
| 6  | Food Service Equipment                              |
| 7  | Commercial HVAC Variable Frequency Drives           |
| 8  | Retro-Commissioning                                 |
| 9  | Commercial Clothes Washers                          |
| 10 | Vending Machine Controllers                         |
| 11 | Lighting and Controls                               |
| 12 | Green Motors Rewind Program                         |
| 13 | Commercial Windows and Insulation                   |
| 14 | Standby Generator Block Heater                      |
| 15 | Site Specific Offerings in Various End Uses         |

16

17 Avista offers site-specific incentives for commercial  
18 and industrial customers for custom projects. The site-  
19 specific program provides incentives on cost-effective  
20 commercial and industrial energy efficiency measures that  
21 meet required simple payback and measure life  
22 requirements. This is implemented through on-site audits  
23 and analyses, customized project evaluation, and dual fuel  
24 incentive calculators for energy savings generated  
25 specific to the customer's premise or process ("project").  
26 Incentives were offered for any measure that had greater  
27 than a one-year and less than an eight-year simple payback  
28 for lighting measures or less than a thirteen-year simple  
29 payback for non-lighting measures.

1 Q. How does Avista address energy efficiency  
2 programs for low-income customers?

3 A. The residential low-income program is comprised  
4 primarily of site-specific offerings delivered by local  
5 Community Action Agencies (CAA) to benefit income-  
6 qualified, residential customers. Avista contracts with  
7 agencies to utilize existing infrastructure currently in  
8 place as a result of delivering the Federal Weatherization  
9 Assistance and Low Income Home Energy Assistance Programs  
10 (LIHEAP). The customer intake process includes potential  
11 consideration of participation for energy assistance and  
12 other income-qualified programs that can also serve as  
13 referrals for weatherization services.

14 Low-income efficiency measures are similar to  
15 measures offered under the traditional residential  
16 prescriptive programs.

17 The program targeted to low-income customers is  
18 provided by the Community Action Partnership of Lewiston.  
19 The agency receives a set amount of funding each year to  
20 make energy efficiency improvements to income-qualified  
21 homes that are heated by Avista electric or natural gas  
22 services (natural gas funding for low-income programs was  
23 suspended at the end of 2012). These improvements may

1 include upgrades to heating and water heating equipment,  
2 ceiling, wall and floor insulation, replacement of  
3 windows, doors, and conversions from electric heating to  
4 natural gas heating.

5

6 IV. EVALUATION, MEASUREMENT AND VERIFICATION

7

8 Q. Would you please describe the engagement of  
9 Cadmus for Avista's evaluation, measurement, and  
10 verification (EM&V)?

11 A. Yes. A central component of Avista's EM&V  
12 Framework and Annual EM&V Plan is independent, or third-  
13 party, verification of the Company's claimed efficiency  
14 savings. Cadmus was retained, after a competitive  
15 Request-for-Proposal process, to perform impact and  
16 process evaluations. Impact evaluation independently  
17 estimates and/or measures realized savings at the customer  
18 premises through a variety of means, including metering  
19 equipment, billing analyses and quantitative methods.  
20 Process evaluations examine potential for program delivery  
21 improvements based on participant and nonparticipant  
22 surveys, among other means.

1 Q. With regard to the impact evaluation, what is a  
2 realization rate and how does this affect claimed savings?

3 A. Energy efficiency savings are estimated based  
4 on the per-measure or unit (e.g., T-8 commercial lighting,  
5 ENERGY STAR® Dishwashers, or ceiling insulation) accepted  
6 value multiplied by the number of units installed.  
7 Thereafter, the number of units installed is verified for  
8 accuracy and proper installation and the actual savings  
9 value per measure and operation can be tested by data  
10 loggers, billing analysis and other analytical means. If  
11 the realized or verified savings estimate per measure are  
12 confirmed without change and if the number of  
13 installations, upon verification, are found to be properly  
14 installed and equal to those claimed, then the realization  
15 rate is 100%. If the actual savings level per measure is  
16 less or if the installed units are less, then the  
17 realization rate would be less.

18 Q. What accomplishments during 2013 would you like  
19 to highlight?

20 A. Yes. Avista has established processes and  
21 procedures in order to support ongoing achievement of both  
22 energy savings and cost-effectiveness goals. Positive  
23 savings results are the goal of implementation processes,

1 and those results were improved in 2013. Realization  
2 rates continue to be high including a tighter cluster of  
3 precision in 2013 representing continued focus on process  
4 improvement. The implementation team of program managers  
5 and coordinators, engineers, account executives and  
6 analysts worked hard to ensure reliable and consistent  
7 processes, and those efforts produced positive results.  
8 For example, Avista has taken steps to improve data  
9 tracking, such as integrating additional program data into  
10 a central database.

11 From the process perspective, customer satisfaction  
12 with energy efficiency programs is very high. Customer  
13 satisfaction with implementation staff is also very high.

14 **Q. What is the Company's response to the**  
15 **recommendations made in the Cadmus 2012-2013 Process**  
16 **Evaluation Report?**

17 A. The purpose of a process evaluation is for  
18 continued program improvement. The Company has  
19 historically reviewed and modified its DSM programs for  
20 improved use of customer funds and better service to  
21 customers. Cadmus' approach is to provide real-time  
22 feedback to allow for continuous improvements and course  
23 corrections as needed.

1 Q. What efforts are being made to improve project  
2 documentation related to nonresidential programs?

3 A. Avista agrees that process improvements can be  
4 made in its nonresidential project documentation as noted  
5 by Cadmus. In an effort to address this finding, the  
6 Company began establishing a new procedure and program  
7 implementation to assure that full documentation was in  
8 place at various stages of nonresidential site-specific  
9 projects. For example, two checklists, one prior to  
10 contracting and one prior to payment, were developed and  
11 implemented mid-2013 and accompany site-specific projects  
12 for documentation and review purposes. This was coincident  
13 with a "roles and responsibilities" initiative to assure  
14 accountabilities will be properly aligned and  
15 communication channels clearly open. These actions are  
16 intended to be responsive to Cadmus' recommendations on  
17 the Large Project Review Process.

18 Q. What efforts are being made to improve project  
19 documentation within Avista's current database?

20 A. Again, Avista agrees that documentation  
21 improvements within our nonresidential database should be  
22 made and these improvements are in progress. Additionally,  
23 Avista has recently completed Standard Operating

1 Procedures (SOP) for Idaho DSM programs and will continue  
2 to work towards consistent understanding of processes and  
3 procedures.

4 Another area of emphasis is existing database fields  
5 that are used differently by different programs and work  
6 groups. Fields will be reviewed to confirm they are a  
7 value-added field for reporting and evaluation,  
8 consistently used by all work groups, or eliminated if  
9 appropriate. The goal, again, is to improve documentation  
10 and data fields in order to further ease reporting and  
11 evaluation.

12 Another example is the post-verification date field,  
13 which includes prescriptive projects that are randomly  
14 sampled for post-verification, customers who did multiple  
15 installations of similar measures and a percentage of like  
16 measures that were post-verified, as well as users who  
17 documented post-verification in notes or attachments  
18 rather than the data field. Avista acknowledges that we  
19 need to clarify our procedures around installation  
20 verifications and ensure that documentation (e.g. pictures  
21 and dates) are consistently recorded within the  
22 nonresidential database, and we will take steps to do so.

1 Q. Cadmus recommended additional notation of  
2 "legacy" or "market transformation" type projects within  
3 the database for ease of access, reporting and evaluation.  
4 Please provide a description of "market transformation"  
5 programs and how "market transformation" programs compare  
6 with other energy efficiency programs.

7 A. These classifications arose from unique  
8 circumstances where particular types of measures were  
9 affected by code changes or projects requiring transition  
10 management due to tariff updates. Avista will identify  
11 such items in order to accommodate ease of reporting and  
12 evaluating when these unique situations occur in the  
13 future.

14 Market transformation programs are different from  
15 local DSM acquisition programs in that they intervene in a  
16 market for a defined period of time and are then  
17 terminated with the impact of the transformed market  
18 continuing on past that termination. Local DSM acquisition  
19 programs are subject to change based on qualifying  
20 technologies changing, but there isn't a built-in  
21 termination of the program. The Company's working  
22 definition of market transformation can be generally  
23 described as follows:



1 Market transformation is a specifically defined  
2 intervention intended to shift the adoption of a  
3 cost-effective efficiency measure towards a higher  
4 long-term trajectory for a defined period of time,  
5 after which point the intervention ends, however  
6 the impact of the intervention continues.

7  
8 In comparison to the remainder of Avista's energy-  
9 efficiency programs:

- 10 • Market transformation programs have an exit strategy.  
11 Generally available incentive-granting programs are  
12 usually offered with the expectation of continuing  
13 availability.
- 14 • The intent of market transformation programs is to  
15 create a sustainable change in the market rather than  
16 to acquire individual resources from individual  
17 customers.

18  
19 Frequently, market transformation programs are  
20 performed on a regional basis, because individual  
21 utilities don't have the critical mass necessary to impact  
22 most markets. Typically these regionally cooperative  
23 programs are performed as part of the Northwest Energy  
24 Efficiency Alliance's (NEEA) portfolio;<sup>1</sup> however, other ad  
25 hoc regional cooperative programs may also form around  
26 specific measures.

27 Q. Please explain the "Top Sheets" that were  
28 introduced in 2013.

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<sup>1</sup> NEEA leverages its strong regional partnerships to effect market transformation by accelerating the adoption of energy-efficient products, services and practices.







1 Q. Does this complete your pre-filed direct  
2 testimony?

3 A. Yes.