

BEFORE THE

RECEIVED

2009 MAY 29 AM 11:44

IDAHO PUBLIC UTILITIES COMMISSION

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 N THE)
 STATE OF IDAHO.)
)
)
)

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

DIRECT TESTIMONY OF MARILYN PARKER

IDAHO PUBLIC UTILITIES COMMISSION

MAY 29, 2009

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

3 A. My name is Marilyn Parker. 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 November 2002.

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

12 A. Prior to my employment with the Idaho Public
13 Utilities Commission, I had twenty years experience
14 working in private industry for three different utility
15 companies. In 1973 and 1974, I was employed by Central
16 Alaska Utilities, a water company in Anchorage, Alaska, as
17 the Executive Secretary to the President of the company.
18 From 1982 until 1987, I was employed as a Customer Service
19 Representative for Idaho Power Company in Salmon, Idaho.
20 From February 1989 until November 2002, I was employed by
21 Intermountain Gas Company in Customer Services. During my
22 last six years at Intermountain Gas, I supervised
23 representatives at the Customer Service Center's Emergency
24 Answering Service.

25 I received a Bachelor of Arts Degree in

1 Management and Organizational Leadership from George Fox
2 University in Boise, Idaho in June of 2002.

3 In June 2003 and June 2006, I attended the
4 National Low Income Energy Consortium Annual Conference in
5 Sacramento, California and Washington, D.C., respectively.

6 Q. Have you previously testified before the
7 Commission?

8 A. Yes, I have.

9 Q. What is the purpose of your testimony in this
10 proceeding?

11 A. I will be: (1) summarizing the customer
12 comments received by the Idaho Public Utilities Commission
13 regarding this case; (2) discussing Consumer Assistance
14 Staff's stance regarding the proposed increase to Avista's
15 monthly customer charges for its residential electric and
16 gas customers; (3) reporting on Avista's customer
17 relations over the past five years; and, (4) reporting on
18 the mid-term status of Avista's pilot program regarding
19 its remote disconnections and reconnections.

20 Q. Please summarize your testimony and
21 recommendations to the Commission.

22 A. I reviewed the customer comments and found that
23 the number of comments received by the Commission in this
24 case had more than tripled the number of comments received
25 in the prior two Avista general rate cases. I note that

1 customers appeared in their comments to be more frustrated
2 and angry at the prospect of paying more for natural gas
3 and electricity than in the past.

4 I support Staff's recommendation of no increase
5 in customer charges.

6 I address a downward trend in Avista's telephone
7 answering service level standards at its customer service
8 centers at the same time that complaints are increasing.

9 I recommend that Avista take steps to improve
10 its telephone answering service level standards and report
11 to the Commission by December 2009 on how it plans to
12 accomplish this or why it should not be required to do so.

13 I identify technological advancements
14 implemented by the Company and how they have improved
15 customer service.

16 Finally, I reviewed Avista's Remote
17 Disconnection and Reconnection Pilot Program and found
18 that it appears to be meeting its objectives.

19 **Customer Comments Regarding the Proposed Rate Increase**

20 Q. Have you reviewed the written customer comments
21 that have been received by the Commission regarding this
22 case?

23 A. Yes. As of May 21, 2009, 188 Avista customers
24 had submitted comments regarding the proposed increase in
25 Avista's gas and electric rates. The comments were mostly

1 from residential customers and a few small commercial
2 customers who opposed any increase in rates.

3 Q. How does this number of comments compare to
4 prior Avista rate case customer comments?

5 A. The number of comments is significantly higher;
6 in fact, the number has more than tripled the number of
7 comments received in the prior two general rate cases. In
8 the 2008 case, 46 comments were received and in the 2004
9 case, 31 comments were received.

10 Q. To what do you attribute the significant
11 increase in customer comments?

12 A. The economy, nationwide and globally, is in a
13 downturn and nowhere is that more evident than in Avista's
14 service territory in northern Idaho. According to the
15 Idaho Department of Labor, unemployment in many Idaho
16 counties served by Avista has nearly doubled in the past
17 year.

18 Comments regarding this proposed rate increase
19 have come from a broad spectrum of Avista customers, and
20 many comments came from customers who said they had never
21 commented on a rate case before. Because of the current
22 economic situation, it comes as no surprise that customers
23 feel frustrated and worried about how they will be able to
24 afford any increase in their electric and natural gas
25 rates. Staff witness Thaden discusses in greater detail

1 the current economic conditions in Avista's service
2 territory in his testimony. He also provides some
3 demographic statistics for northern Idaho.

4 Q. Is there any evidence in the comments received
5 by the Commission in this rate case that show economic
6 times are more difficult now than in the past?

7 A. In nearly all rate cases, the Commission
8 receives letters or e-mails from customers stating they
9 cannot afford any rate increases. However, in this rate
10 case, in addition to the dramatic increase in the number
11 of comments to the Commission, many customers expressed
12 not only frustration, but anger. Nearly half of the
13 customers who sent in comments want the Commission to
14 "just say no" to any rate increases; and of those, another
15 one-half said it will be the Commission's fault if
16 customer's rates are increased. Nearly 40% of commenters
17 voiced strong opposition to what the customers defined
18 most often as exorbitant salaries of Avista's executives.
19 Customers often believe that the rates they pay go
20 primarily toward executive salaries. As shown in Staff
21 witness English's testimony, one-fifth of one percent of
22 Avista's Idaho natural gas rates and about one-third of
23 one percent of Avista's Idaho electric rates go toward
24 executive salaries. The fundamental misunderstanding
25 regarding executive salaries feeds customers' frustration.

1 Nearly one-fourth of those commenting mentioned
2 a recent article in local newspapers that stated Avista
3 had "record profits" last year and so those commenters
4 wondered why Avista would need a rate increase at this
5 time if it was already making "record profits."

6 Q. What are some of the other concerns mentioned by
7 customers?

8 A. Commenters raised the same issues as have been
9 raised in prior rate cases. Many of those concerns were
10 from low and fixed-income customers who see basic living
11 costs rising but their wages and/or social security income
12 benefits not keeping pace. The phrases "why doesn't
13 Avista tighten their belts" and "enough is enough" were in
14 many of the comments.

15 **Proposed Customer Charge Increase**

16 Q. The Company has proposed to increase its fixed
17 monthly residential customer charges from \$4.00 to \$4.25
18 for gas customers and from \$4.60 to \$5.00 for electric
19 customers. Does Staff support this increase?

20 A. No. Staff believes there should be no increase
21 to gas or electric fixed monthly customer charges at this
22 time. Staff has consistently maintained that fixed costs
23 associated with meter reading and billing should be the
24 primary determinant of customer charges. Major changes
25 have been made in the way customers are billed and meters

1 are read over the past several years. With the
2 implementation of automated meter reading, for example,
3 meter reading costs will be reduced. Additionally, more
4 and more customers are choosing to receive their bills
5 online, thereby reducing postage and bill printing costs.
6 Another reason that Staff does not support an increase in
7 the fixed monthly customer charge is that Staff has
8 proposed a lower revenue requirement than Avista. Staff
9 prefers that any rate increases in this case be added to
10 the energy charge rather than fixed charges to give
11 customers some control over the size of their bills. When
12 rate increases are added to fixed charges, the customer
13 has no control over that portion of their bill. For these
14 reasons, Staff believes an increase in fixed customer
15 charges is not warranted at this time.

16 **Customer Relations**

17 **Forms**

18 Q. As required by Utility Customer Information Rule
19 102, were Avista's Customer Notice and Press Release
20 included with its Application?

21 A. Yes. The Company's Customer Notice and Press
22 Release were received on January 23, 2009, and were
23 reviewed by Staff at that time. They were deemed to meet
24 the requirements of the rule.

25 Q. Have Avista's forms required by the Utility

1 Customer Relations Rules (UCRR) (IDAPA 31.21.01) been
2 reviewed for compliance?

3 A. Yes, Avista's forms were reviewed and determined
4 to meet the requirements of the UCRR.

5 **Call Center Telephone Answering Standards (often referred**
6 **to as "service levels")**

7 Q. In 2004, Avista lowered its Call Center incoming
8 telephone answering service level standard (the percentage
9 of calls answered within a defined number of seconds) from
10 answering 80% of calls within 30 seconds to answering 70%
11 of calls within one minute. Staff expressed concern about
12 that decision at that time and recommended that Avista
13 reinstate its previous service level goal. Did Avista
14 change its telephone answering service level standard?

15 A. Yes, in January of 2005, Avista changed its goal
16 to answer 80% of incoming customer calls within one
17 minute.

18 Q. Has Avista met this standard?

19 A. Not in each year. In 2005, Avista's actual
20 service level average for the year was 82.1% of incoming
21 calls answered within one minute; in 2006 the average for
22 the year was 79.9% within one minute; in 2007 the annual
23 average was 80.7% within one minute; and, in 2008 the
24 annual average dropped to 75.5% within one minute.

25 Q. What is Avista's current telephone service level

1 standard?

2 A. Avista has not changed its standard since
3 January of 2005, when it was set at answering 80% of calls
4 within one minute.

5 Q. Avista reported its actual telephone answering
6 service level in December of 2008 as 66.10%, which is
7 Avista's worst one-month service level in five years.
8 What is the Company's explanation for this low service
9 level?

10 A. The Company stated that in December of 2008 in
11 the Coeur d'Alene area, 85 inches of snow fell in a two-
12 week period. The heavy snowfall increased electric outage
13 calls (twice as many as had been received in the prior
14 December), and on some days, customer service
15 representatives were not able to get to work due to the
16 bad roads. The higher than expected incoming calls and
17 many unavailable customer service representatives resulted
18 in the negative impact on the service levels that month.

19 Q. Does Staff have some concerns about Avista's
20 service levels over the past 5 years?

21 A. Staff is concerned about the drop in Avista's
22 annual average telephone answering service level in 2008
23 to 75.5%. Until now, Staff believed the Company was
24 moving in the right direction. The significant drop in
25 Avista's service level occurred in a year when Avista's

1 number of complaints and inquiries to the Commission rose
2 sharply.

3 Q. Why are telephone service level standards
4 important?

5 A. Telephone service level standards measure the
6 accessibility of a company to its customers. Staff
7 expects regulated utility companies to handle customer
8 disputes over the telephone, as well as answer customer
9 questions, in a timely manner so that customers do not
10 have to wait "on hold" for long periods of time.

11 Q. What were Avista's total number of complaints
12 and inquiries during each of the past 5 years?

13 A. In 2004, the Commission's Consumer Assistance
14 Staff received 148 complaints and inquiries from Avista
15 customers; in 2005, there were 139; in 2006 the number
16 dropped to 128; in 2007 the number dropped again to 119.
17 That was a 20% decrease from 2004 to 2007. However, in
18 2008, Avista complaints and inquiries jumped to 175, a 46%
19 increase over the prior year. See Exhibit No. 125.

20 Q. Regarding complaints and inquiries registered at
21 the Commission, how does Avista compare with other major
22 regulated energy companies doing business in Idaho?

23 A. With the exception of one company, all the major
24 energy companies had increases in the number of complaints
25 and inquiries received by the Commission in 2008. See

1 Exhibit No. 126. On a per customer basis, Avista had the
2 highest number of complaints and inquiries. The majority,
3 66%, concerned credit and collection issues.

4 Q. Does Staff have any recommendations for Avista
5 in light of the customer service issues addressed above
6 regarding the Company's decreasing service level and
7 increasing complaints and inquiries?

8 A. Yes, Staff recommends that Avista take steps to
9 improve its service level and report to the Commission how
10 it plans to accomplish this by December of 2009 or explain
11 why it should not be required to do so.

12 **Avista's Technological Advancements**

13 Q. Avista has made some significant investments in
14 technology in the last five years. What are some of those
15 investments and how has customer service benefited?

16 A. In Staff's opinion, two of the most significant
17 technological investments and improvements have been
18 "Mobile Dispatch" and "Outage Management."

19 The **Mobile Dispatch** system was implemented in
20 June of 2006 for the Company's natural gas service orders.
21 Mobile Dispatch allows the Company's natural gas service
22 department to operate in a nearly paperless environment.
23 Mobile Dispatch automatically dispatches work orders
24 directly to a laptop computer in the appropriate service
25 person's truck using wireless technology. When orders are

1 completed, that information is sent in real time back to
2 the office where customer service representatives have
3 immediate access to that information, giving them the
4 ability to monitor the status of work orders and respond
5 to customers' inquiries. With Mobile Dispatch, customer
6 service representatives do not need to call a dispatcher
7 to ascertain the status of an order, saving time for both
8 dispatchers and customer service representatives. Most
9 importantly, it provides timely information to customers.

10 Avista designed its own **Outage Management Tool**
11 **(OMT)** over a period of about six years. The system was
12 completed in December of 2004. The OMT allows the process
13 of responding to outages to be conducted in a paperless
14 environment, saving literally thousands of pieces of paper
15 associated with one large scale outage and providing real
16 time information about the outage. The most important
17 benefit of this system is the ability to restore service
18 to customers more quickly. The Company stated that it
19 estimates the OMT system saves two to four hours each day
20 when restoring service on normal outages. On extended
21 outages related to major storms, the OMT saves on average
22 24 hours in restoration time, a reduction of up to 33% in
23 restoration time in some instances.

24 Both the Mobile Dispatch and Outage Management
25 systems are further enhanced by the use of Global

1 Positioning technology (GPS).

2 Q. Mobile Dispatch is being used only for natural
3 gas orders. Does the Company plan to use this technology
4 for electric orders?

5 A. Yes. Although Mobile Dispatch is currently
6 being used solely for natural gas service orders, the
7 Company plans to implement the system for electric service
8 orders in 2010.

9 Q. Is Avista's OMT connected to its Interactive
10 Voice Response (IVR) system?

11 A. Yes. In many instances, a customer may call to
12 report an outage to Avista and the IVR can automatically
13 associate the customer's telephone number with the
14 location of an outage. In that case, the customer would
15 hear a recorded message advising that Avista was aware of
16 the outage, the cause of the outage (if known), and an
17 estimated time of repair and restoration. One of the most
18 important benefits of the two systems being linked is the
19 ability of the Company to reduce the number of employees
20 needed to answer incoming telephone calls during outages.
21 It also eliminates the need to research each customer's
22 circumstances in order to provide an adequate response.

23 **Improvements to Existing Technologies**

24 Q. Over the past five years, has Avista upgraded
25 any of its existing technologies? And if so, what were

1 those improvements?

2 A. Yes. The Company redesigned its Website and
3 made improvements to its Interactive Voice Response (IVR)
4 system.

5 **Website**

6 One of the biggest enhancements to the Website
7 was the addition of the ability for customers to make
8 payment arrangements online. Customers also can start and
9 stop service and conduct almost any customer service
10 function without having to speak in person to a customer
11 service representative. Another feature added to the
12 Website was the ability of customers to sign up to receive
13 monthly billing statements via the Internet rather than
14 through the mail. Adding this ability dramatically
15 increased the number of customers who have opted to
16 receive online bills. In fact, in 2004 the Company
17 reported that less than 3,000 Idaho customers received
18 online bills. In 2009, the number of Idaho customers
19 receiving online bills had grown to 14,991. With nearly
20 15,000 customers opting to receive their bills online, the
21 annual dollar savings in postage alone is more than
22 \$75,000.

23 **Interactive Voice Response**

24 The Interactive Voice Response (IVR) system has
25 further automated customer service functions for those

1 customers who were asking for the ability to handle more
2 transactions through automation without being required to
3 talk to a customer service representative. Customers who
4 wish to speak with a customer service representative,
5 however, still have the ability to wait for a prompt that
6 will allow them to do so.

7 Q. What percentage of Avista's total incoming
8 telephone calls is handled by its IVR and how do those
9 percentages compare to the totals at the time of the last
10 rate case?

11 A. The use of the IVR has increased since 2004. In
12 2004, 30% of incoming calls (408,721) were handled by the
13 IVR compared with 43% (682,797) in 2008, indicating that
14 customers are gradually becoming more familiar and
15 comfortable with using an IVR system to accomplish many
16 transactions that were handled previously by customer
17 service representatives.

18 Q. In 2008, a provision was added to Rule 203.03 of
19 the Utility Customer Relation Rules that states,
20 "Utilities shall implement procedures designed to monitor
21 and identify customers who may be billed under an
22 inappropriate tariff schedule." Has Avista implemented
23 procedures to be in compliance with this new provision?

24 A. Yes. According to Avista, on the first of each
25 month, a report called "Rate Schedule Comparison" is

1 generated to identify customers who may be eligible for a
2 different rate schedule. If it is determined a change in
3 rate schedule is necessary, a letter is sent advising the
4 customer of that fact, giving the customer an opportunity
5 to call the Company and discuss the proposed change. The
6 customer is also given a brochure that shows how to
7 calculate and compare the customer's current rate versus
8 the new proposed rate. Additionally, a weekly report is
9 generated to review all newly-opened accounts for
10 potential rate changes as well.

11 **Remote Disconnects and Reconnects Pilot Program**

12 Q. In July of 2008, the Commission authorized
13 Avista to implement an 18-month pilot program for remote
14 disconnection and reconnection of customers. Order 30603,
15 Case AVU-E-07-09. In that case, Avista was ordered to
16 prepare a detailed report to the Commission at the end of
17 its pilot program. To date, how many remote devices has
18 Avista installed in Idaho?

19 A. Avista's Application proposed to install
20 approximately 600 devices. As of March 1, 2009, the
21 Company had installed 559 remote devices.

22 Q. What are some of the primary reasons the devices
23 were placed at residences of Avista's customers?

24 A. The majority of installations, 541, were for
25 credit and collection purposes. These devices were placed

1 on homes where a customer had at least two field
2 collection visits (see definition below) or disconnections
3 for non-payment in the preceding 12 months. The remaining
4 devices were placed at residences where meter access was
5 difficult or the occupant had animals that hampered access
6 to the meter by Avista employees.

7 Q. How many times has Avista used the devices since
8 implementation of the program?

9 A. Avista reported that as of March 2009, it had
10 used the devices 707 times for the purpose of
11 disconnecting and/or reconnecting service.

12 Q. What is a "field collection visit?"

13 A. A field collection visit takes place when a
14 Company representative goes to the premises of a
15 delinquent customer for the purpose of disconnecting
16 service due to non-payment of the account but service is
17 not actually disconnected. If an adult at the premises
18 pays the past due amount to the Avista employee at the
19 premises prior to being disconnected, the disconnection is
20 avoided.

21 Q. Has Avista reported any problems with
22 installation or operation of the remote devices?

23 A. Avista reports it has encountered minimal
24 problems and that productivity of employees has been
25 greatly improved where the devices are installed. Field

1 personnel and management are eager to expand the program
2 as soon as possible.

3 Q. What kind of customer feedback has Avista
4 received from customers affected by the devices at their
5 residences?

6 A. Avista reported that the majority of customers
7 have been pleased with the short turnaround time for
8 restoring service after their payment obligations were
9 met.

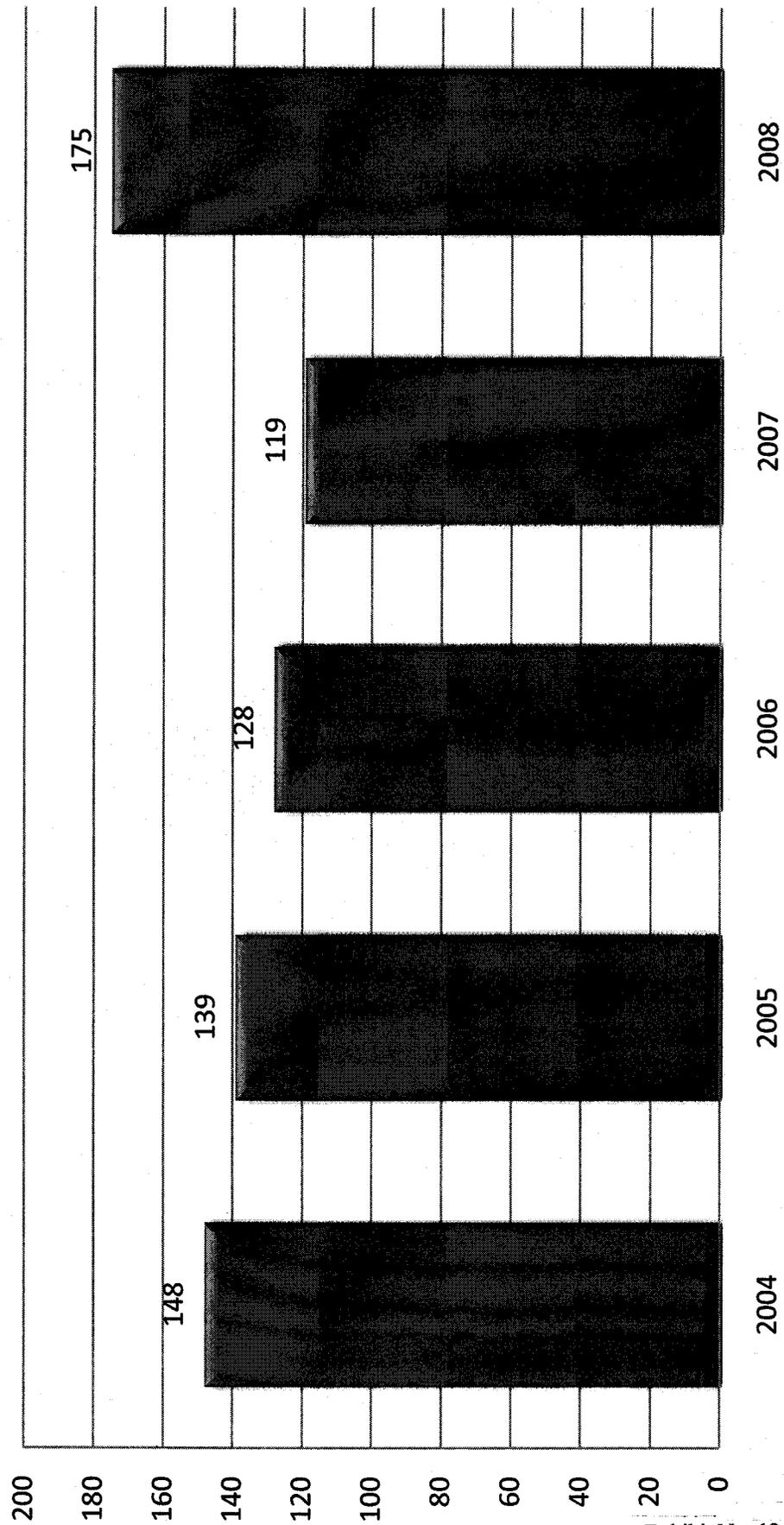
10 Q. Has the Commission received any complaints
11 regarding either installation or operation of the remote
12 devices?

13 A. Yes, the Commission has received one complaint
14 from a customer regarding a disconnection. Staff
15 concurred with the Company's action because there had been
16 5 field collection visits to that residence within the
17 past 12 months.

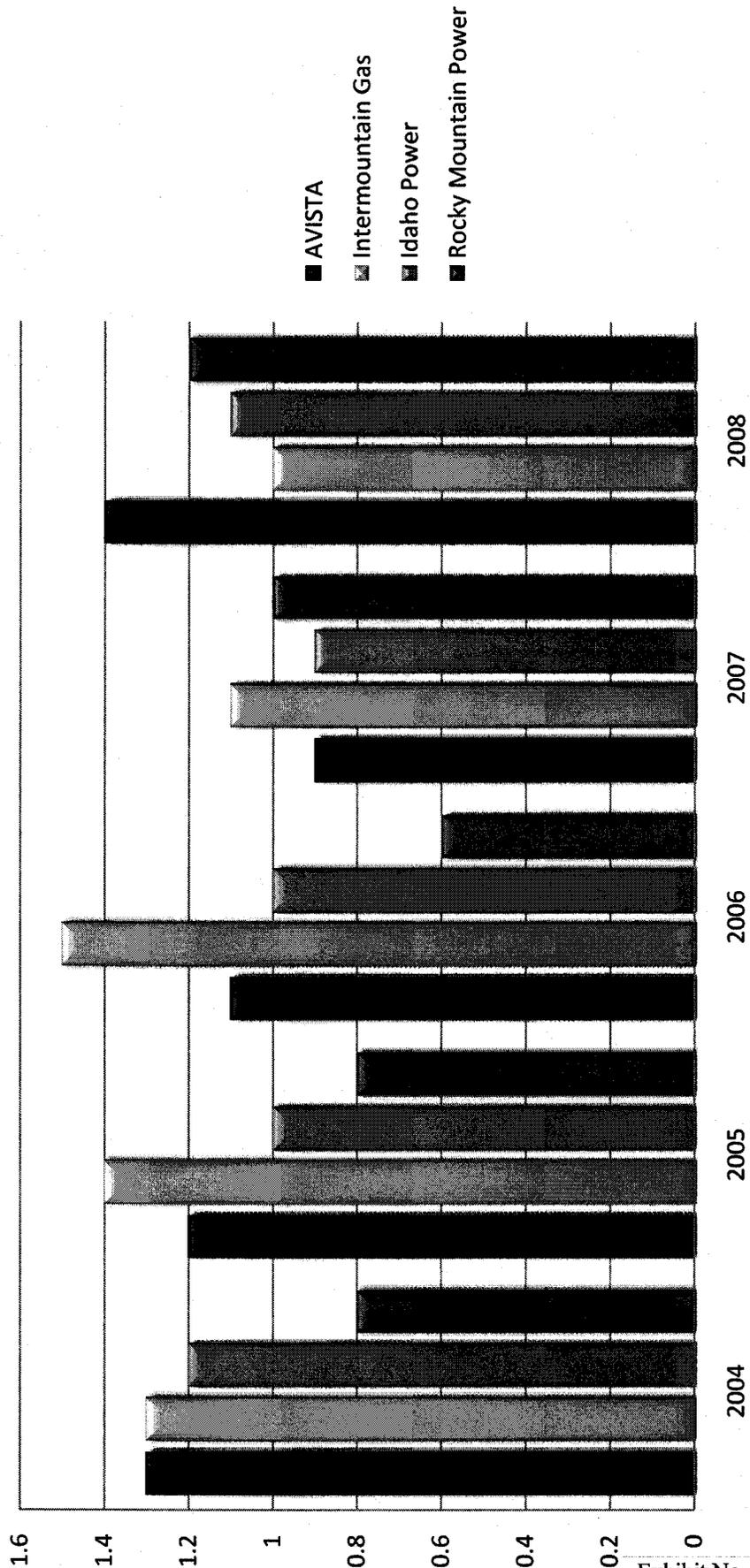
18 Q. Does this conclude your direct testimony?

19 A. Yes it does.
20
21
22
23
24
25

AVISTA COMPLAINTS & INQUIRIES 2004-2008



Complaints & Inquiries by Utility on a Per One-Thousand Customer Basis 2004-2008



CERTIFICATE OF SERVICE

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

DAVID J. MEYER
VICE PRESIDENT AND CHIEF COUNSEL
AVISTA CORPORATION
PO BOX 3727
SPOKANE WA 99220
E-MAIL: david.meyer@avistacorp.com

KELLY NORWOOD
VICE PRESIDENT – STATE & FED. REG.
AVISTA UTILITIES
PO BOX 3727
SPOKANE WA 99220
E-MAIL: kelly.norwood@avistacorp.com

DEAN J MILLER
McDEVITT & MILLER LLP
PO BOX 2564
BOISE ID 83701
E-MAIL: joe@mcdevitt-miller.com

SCOTT ATKINSON
PRESIDENT
IDAHO FOREST GROUP LLC
171 HIGHWAY 95 N
GRANGEVILLE ID 83530
E-MAIL: scotta@idahoforestgroup.com

CONLEY E WARD
MICHAEL C CREAMER
GIVENS PURSLEY LLP
PO BOX 2720
BOISE ID 83701-2720
E-MAIL: cew@givenspursley.com
mcc@givenspursley.com

DENNIS E PESEAU, Ph.D.
UTILITY RESOURCES INC
SUITE 250
1500 LIBERTY STREET SE
SALEM OR 97302
E-MAIL: dpeseau@excite.com

BETSY BRIDGE
ID CONSERVATION LEAGUE
710 N SIXTH STREET
PO BOX 844
BOISE ID 83701
E-MAIL: bbridge@wildidaho.org

ROWENA PINEDA
ID COMMUNITY ACTION NETWORK
3450 HILL RD
BOISE ID 83702-4715
E-MAIL: Rowena@idahocan.org

CARRIE TRACY
1265 S MAIN ST, #305
SEATTLE WA 98144
E-MAIL: carrie@nwfco.org

BRAD M PURDY
ATTORNEY AT LAW
2019 N 17TH ST
BOISE ID 83702
E-MAIL: bmpurdy@hotmail.com


SECRETARY