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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION) CASE NO. AVU-E-12-08
OF AVISTA CORPORATION FOR THE) CASE NO. AVU-G-12-07
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
5 as the Vice President of Energy Delivery 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
12 the University of Idaho. I have also earned a Master's
13 Degree in Engineering from Washington State University, a
14 Master's 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

1 Avista Corp. I was appointed General Manager of Energy
2 Delivery in 2003 and Vice President in 2004. I serve on
3 several boards, including the Washington State Electrical
4 Board, Northwest Gas Association, American Gas
5 Association, Common Ground Alliance, University of Idaho
6 and the Washington State University Engineering Advisory
7 Boards.

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

9 A. I will provide an overview of the Company's
10 electric and natural gas energy delivery facilities and
11 operations. I will explain some of our efforts to control
12 costs, increase efficiency, improve customer service, and
13 the replacement of the Company's legacy customer
14 information system (CIS), as well as summarize Avista's
15 customer support programs in Idaho. I will also address
16 the Company's plans to replace early-vintage Aldyl A
17 piping in our natural gas distribution system. A table of
18 the contents for my testimony is as follows:

19

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5 **Q. Are you sponsoring any exhibits in this**
6 **proceeding?**

7 A. Yes. I am sponsoring Exhibit No. 8, Schedule
8 No. 1 which shows the detailed usage and number of
9 customers for each customer class.

10

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

12 **Q. Please describe Avista Utilities' electric and**
13 **natural gas utility operations.**

14 A. Avista Utilities operates a vertically-
15 integrated electric system in Idaho and Washington. In
16 addition to the hydroelectric and thermal generating
17 resources described by Company witness Mr. Lafferty, the
18 Company has approximately 18,300 miles of primary and
19 secondary electric distribution lines. Avista has an
20 electric transmission system of 685 miles of 230 kV line
21 and 1,535 miles of 115 kV line.

22 Avista owns and maintains a total of 7,650 miles of
23 natural gas distribution lines, and is served off of the
24 Williams Northwest and Gas Transmission Northwest (GTN)
25 pipelines. A map showing the Company's electric and

1 natural gas service area in Idaho, Washington, and Oregon
2 is provided by Company witness Mr. Morris in Schedule No.
3 2.

4 As detailed in the Company's 2011 electric Integrated
5 Resource Plan¹, Avista expects retail electric sales growth
6 to average 1.6% annually for the next ten years and 1.6%
7 over the next twenty years in Avista's service territory,
8 primarily due to increased population and business growth.
9 In 2011, Avista had 2,693 new electric residential
10 customer connections² and 2,433 for 2010.

11 Also, based on Avista's 2012 natural gas Integrated
12 Resource Plan³, in Idaho and Washington the number of
13 natural gas customers were projected to increase at an
14 average annual rate of 1.7%, with demand growing at a
15 compounded average annual rate of 1.3%. New natural gas
16 customer connections for all customer classifications
17 (system) were 2,693 in 2010 and 3,400 in 2011.

18 **Q. How many customers are served by Avista**
19 **Utilities in Idaho?**

20 A. Of the Company's 359,343 electric and 319,875
21 natural gas customers (as of June 30, 2012), 123,440 and

¹ A copy of the Company's 2011 Electric IRP has been provided by Mr. Lafferty as Schedule No. 1.

² A new customer connection as defined by Avista is when a customer receives a bill for the first time at a particular premises/location.

³ A copy of the Company's 2012 Natural Gas IRP has been provided by Company witness Mr. Harper as Schedule No 1.

1 75,205, respectively, were Idaho customers. Avista's
2 largest electric customer in Idaho is the Clearwater Paper
3 facility located in Lewiston, Idaho.

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

6 A. The Company has construction offices in
7 Grangeville, Orofino, Lewiston-Clarkston, Moscow-Pullman,
8 Kellogg, St. Maries, Coeur d'Alene, Sandpoint and Bonner's
9 Ferry. Avista's four customer contact centers in Spokane,
10 Washington, Coeur d'Alene and Lewiston, Idaho, and
11 Medford, Oregon, are networked, allowing the full pool of
12 regular and part-time employees to respond to customer
13 calls in all jurisdictions.

14

15 **III. DISTRIBUTION OPERATIONS**

16 **Q. What construction and maintenance programs does**
17 **the Company have in place to maintain electric and natural**
18 **gas facilities?**

19 A. The Company utilizes seasonal and regular crews
20 for electric and natural gas construction, including new
21 and reconstructed lines, damage repair, and connecting new
22 customers. The Company employs contract crews and
23 temporary and part-time employees to meet customer needs
24 during the peak construction season. The Company also has

1 several maintenance programs to maintain the reliability
2 of our electric and natural gas infrastructure. On the
3 electric side, this includes the Company's Asset
4 Management Program (including wood pole inspection and
5 replacement), vegetation management, electric transmission
6 line inspection and upgrades.

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

9 A. Our natural gas operations department performs
10 necessary maintenance, as required by the US Department of
11 Transportation Pipeline Safety Regulations, 49 CFR, Part
12 192. Ongoing maintenance focuses on valve and regulator
13 stations, atmospheric corrosion protection, and leak
14 surveys. The following is further detail regarding the
15 natural gas maintenance programs the Company has, or is in
16 the process of implementing:

17
18 **1. Increased Leak Survey of Aldyl-A Pipe.** Avista will
19 perform annual leak surveys of certain Aldyl-A
20 mains installed prior to 1987.

21
22 **2. Atmospheric Testing Program.** Atmospheric Testing
23 is an inspection program to find conditions in the
24 Company's system that could lead to corrosion
25 issues on customer meter sets. This "Atmospheric
26 Corrosion" inspection program is a federally
27 mandated program that requires the Company to
28 inspect all above-ground steel pipe at a frequency
29 not to exceed three years.

30

1 The Company completes this testing in each State
2 over a three year period, rotating through one
3 State per year. Idaho's cost in 2011 was \$390,000.
4 The Company is requesting to recover Idaho's cost
5 over a 3 year period, one-third per year, and
6 therefore Ms. Andrews has pro formed approximately
7 1/3 of the atmospheric O&M expense within her
8 adjustments.
9

10
11 **IV. ALDYL A PIPE REPLACEMENT**
12

13 **Q. What is Avista's plan related to its Aldyl A**
14 **polyethylene pipe?**
15

16 A. The Company is undertaking a twenty-year program
17 to systematically remove from service and replace select
18 portions of the DuPont Aldyl A medium density polyethylene
19 pipe in its natural gas distribution system in the States
20 of Idaho, Washington, and Oregon. None of the subject
21 pipe is "high pressure main pipe," but rather, consists of
22 distribution mains at maximum operating pressures of 60
23 psi and pipe diameters ranging from 1¼ to 4 inches. Also,
24 as part of this program, Avista will replace the
25 connections on Aldyl A service piping, ½ and ¾ inch
26 diameters, when it is tapped to steel main piping.

27 **Q. Why is the Company initiating this replacement**
28 **program?**

29 A. In recent years, Avista experienced two
30 incidents on its natural gas system that prompted
31 increased concerns over the long-term reliability of

1 certain Aldyl A pipe. Results of the investigations,
2 which were aided by new tools developed for Avista's
3 Distribution Integrity Management Plan (DIMP),
4 corroborated reports for similar Aldyl A piping around the
5 Country, and supported the development of a protocol for
6 the management of this natural gas pipe.

7

8 **Q. Why did the Company elect to carry this pipeline**
9 **replacement program out over 20 years?**

10 A. Avista modeled various time horizons for the
11 replacement program, up to a timeline of 30 years, and
12 determined a replacement horizon in the range of twenty
13 years to represent an optimum timeframe for removing and
14 replacing its priority Aldyl A pipe. Shortening the
15 timeline was found to have increasing cost impacts on
16 customers but with little improvement in the numbers of
17 expected Aldyl A failures. Lengthening the timeline past
18 twenty years, however, was found to result in a
19 substantial increase in the number of expected material
20 failures. A replacement timeline of 25 years, for
21 example, resulted in more than a doubling of the number of
22 leaks expected when compared with the 20 year horizon.

23 **Q. Could the 20-year replacement time change as the**
24 **work proceeds?**

1 A. Yes. The current proposal for a 20-year
2 replacement program represents an optimization based on
3 the information we have available today. Any number of
4 factors could change, as the work proceeds over the first
5 few years and could result in a 'new' optimum time
6 horizon. Avista will be collecting new leak survey and
7 other information each year, and will continue to use its
8 Asset Management models to further refine expected trends
9 and potential consequences, making program adjustments as
10 appropriate.

11 **Q What are the expected capital costs associated**
12 **with this program?**

13 A. Avista's analysis and planning effort is
14 projecting capital costs of approximately \$10 million
15 annually, across all its natural gas jurisdictions, from
16 2013 - 2032. Actual costs will vary somewhat depending on
17 the prioritization of piping to be replaced each year,
18 among other factors. In addition, the calculated amounts
19 will also be subject to annual inflation. For its Idaho
20 jurisdiction, Avista is planning to start investing in
21 2015 with some Tapping Tee remediations, and actual pipe
22 replacement is estimated to start in 2017. This will
23 allow for effective planning with contractors, hiring
24 Avista staff, and developing a solid project management

1 foundation for the duration of the program. There are no
2 costs associated with this project included in the
3 Company's June 30, 2012 ending test period.

4
5 **V. CUSTOMER SERVICE INFORMATION SYSTEM REPLACEMENT**

6 **Q. Please summarize Avista's plans regarding its**
7 **Customer Information System?**

8 A. Avista's legacy customer information system
9 (CIS) has served the Company and our customers well for
10 over 20 years. Integrating commercial, off-the-shelf
11 software and other internally developed systems into the
12 CIS over time has fortified the technology foundation that
13 helped Avista receive national awards and consistently
14 high customer-satisfaction ratings.

15 When Avista's CIS platform was developed 20 years
16 ago, however, there were no smart phones or iPads. Home
17 computers were uncommon and customers did not expect to be
18 involved in energy choices. Just as we are upgrading our
19 transmission and distribution system and investing in
20 smart grid technology, we need to now invest in a new CIS
21 system that can interface with these new systems and
22 technologies, and investing in a new CIS system is part of
23 Avista's strategy to invest wisely in technology. The new

1 CIS system will be a standard industry application, and be
2 less costly to manage and upgrade in the future.

3 Replacing Avista's CIS system is a significant
4 decision that will impact all aspects of the Company's
5 operations. Linking into the CIS system are many current
6 Company systems. These include billing, outage
7 management, work and asset management, automated phone
8 system, construction design, enterprise business
9 intelligence, supply chain and financial systems. Also
10 linking into CIS system are electric and natural gas meter
11 applications, and the *avistautilities.com* website for
12 managing customer transactions.

13 Another example of operation support is Avista's
14 investments in developing a smarter grid. To achieve
15 these objectives, Avista's CIS system may include the
16 ability to accommodate not only smart grid technology, but
17 also may incorporate:

- 18 • Advanced meter information;
- 19 • Energy efficiency programs
- 20 • Real-time billing;
- 21 • On-bill financing;
- 22 • Automated notifications based on customer
- 23 preferences;
- 24 • Customer relationship management capabilities;
- 25 and
- 26 • Multi-channel, self-service options.
- 27

1 **Q. Has the Company selected a vendor for this**
2 **project?**

3 A. Avista has selected Oracle Customer Care and
4 Billing to replace our legacy Customer Service System.
5 This system will support the Call Center and Operations
6 day to day customer support, billing and collection
7 processes. Avista has selected IBM's Maximo software for
8 Enterprise Asset Management support, replacing our legacy
9 work management system. This system will provide asset
10 tracking, work order management oversight for both
11 transmission/distribution activities as well as generation
12 support. We are currently in the design phase of this
13 large project with a projection of Maximo generation "go
14 live" in September 2013 and Maximo transmission and
15 distribution "go live" in September 2014 along with Oracle
16 Customer Care and Billing.

17 **Q. Are there any costs associated with the CIS**
18 **replacement in this request?**

19 A. There are no capital costs associated with the
20 replacement project included in this case, however, there
21 are approximately \$725,000 of expenses related to labor
22 costs and professional services contracts included in the
23 June 30, 2012 ending test year. The Company is committed
24 to moving forward with replacing its aging CIS system with

1 an off-the shelf application that will allow for the most
2 cost-effective implementation. This will provide the
3 Company with industry-standard software and a solution
4 that will keep pace with Avista's evolving energy
5 business. The replacement will eliminate the challenges
6 of maintaining an out-of-date customized system.

7

8

VI. COST CONTROL AND EFFICIENCY EFFORTS

9 **Q. What actions or specific measures has the**
10 **Company undertaken to control costs and mitigate the**
11 **requested rate increase?**

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

16 As Mr. Morris explained in his testimony, in 2010,
17 the Company enlisted the help of Booz & Company to work
18 with us on what we refer to as Performance Excellence.
19 They brought with them industry knowledge, expertise and a
20 phased-approach. Phase 1 involved assessing and
21 identifying Avista's top opportunities to better align our
22 resources so we can run our business more efficiently, and
23 be better prepared to meet customers' future needs for
24 energy and energy information. Through this initial

1 assessment phase we discovered that many of our processes
2 were already efficient, but the outside, third-party, best
3 practices perspectives brought in by Booz & Company has
4 provided us the opportunity to identify areas where we can
5 fine-tune our practices and further mitigate increased
6 costs to our customers. In Phase 2 we are designing
7 processes to capture these opportunities. One example of
8 these opportunities is within our Fleet Department. Fleet
9 utilization is really focused on ensuring that we have the
10 right mix of vehicles at the right place and the right
11 time. It is the Company's goal to reduce fleet by five
12 percent over the next three years (sixty vehicles). To
13 date, we have turned in 25 vehicles that were not
14 replaced.

15 Another example is in our Supply Chain. We spend
16 hundreds of millions of dollars every year on goods and
17 services, everything from poles and pipes, trucks and
18 transformers or software and services (professional,
19 technical and construction). By changing our buying
20 strategies, we could achieve significant savings each
21 year. By focusing on standardization and specifications
22 that provide the best fit and function at a reasonable
23 cost, we make certain that we buy the right materials to
24 do a job. Rigorous processes allow us to use the optimal

1 buying strategy for each area of spend. When it makes
2 sense to buy in bulk, we can take advantage of lower
3 costs. Think Costco! It's more cost effective to buy two
4 jars of peanut butter at Costco, compared to one jar at 7-
5 Eleven. You pay a premium for convenience. The same is
6 true for the materials and services we buy to run our
7 business. At home, if you save money on one item, you can
8 allocate those savings toward something else. That's also
9 true for our business. The money we save by changing what
10 we buy, how we buy it and who we buy it from will be used
11 to pay for projects that we might not otherwise be able to
12 fund. This will become more important as we invest in
13 smart technology and other equipment to meet our future
14 business needs.

15 The measures listed below are among some of the other
16 actions we have taken to mitigate the impact of increased
17 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

1 local construction offices. Employees in each
2 office would sort, assign and dispatch (via phone,
3 pager, fax or in person) orders each morning. The
4 field employees would work with the orders and call
5 in the completed work periodically throughout the
6 day or simply turn-in the stack of completed orders
7 at the end of the day. The completed orders were
8 manually completed by employees who entered the
9 information regarding the order back into the work
10 management system. The paper processes made it
11 difficult to track the status of individual orders
12 and fieldworkers throughout each day. It was also
13 very difficult for the dispatchers to keep up with
14 the volume of paper being sent out each morning,
15 changes to the orders that occurred during the day,
16 and completed orders returned at the end of the
17 shift.

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

43
44
45 **2. Keyhole Technology.** This process helps us cost-
46 effectively expose underground pipes to perform
47 some of our natural gas repair and maintenance work

1 without cutting into and excavating concrete.
2 Keyhole technology allows the Company to work on
3 underground facilities through an 18 inch-diameter
4 hole in a street's pavement. When the job is done,
5 the street is restored by putting the pavement core
6 back into place with no waste from asphalt mixing.
7 Cost reductions also come from eliminating the need
8 for a backhoe and asphalt hot-patch crew or
9 replacing concrete.

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

35
36 **4. Wild Life Guards.** Avista has installed wildlife
37 guards, targeting 60 feeders most affected by
38 wildlife as part of the Company's Wood Pole
39 Management program. This project has reduced the
40 number of squirrel related outages across the
41 system by 350 events annually and has provided
42 approximately \$386,000 in avoided outage benefits
43 over the past three years.

44
45 **5. The Natural Gas Periodic Meter Change (PMC)**
46 **Program.** Current rules require utilities to change
47 out between 2-4% of its meters each year to measure

1 for billing accuracy. This process requires a
2 serviceman to remove an existing meter, installed
3 at a premise, and then bring it to be tested by the
4 Company's meter shop. In order to be more
5 efficient, with this new program, each time a
6 serviceman responds to a service call, they
7 evaluate the potential for the customers meter to
8 be replaced and thereby eliminating a special trip
9 to remove a customer's meter. This program has
10 saved approximately \$385,000 over the past two
11 years.

12
13
14 **Q. What other cost-management measures has the**
15 **Company undertaken?**

16 A. Avista's efforts to control its costs have not
17 been prompted solely by the most recent downturn in the
18 economy. We have continually revisited our costs and
19 operating practices over time in order to mitigate price
20 increases for our customers. Other measures we have taken
21 include the following:

- 22
23 **1.** Avista approved a lower capital budget than was
24 requested by the Company's Engineering and
25 Operations personnel. The original capital
26 projects request for approval in 2012 consisted of
27 projects totaling over \$269 million. The Capital
28 Prioritization Committee reduced the list of
29 recommended projects by \$19 million to the \$250
30 million capital budget approved by the Board. In
31 addition, the Company prioritized O & M facility
32 maintenance and improvement projects and removed
33 projects that could be delayed without safety or
34 operational concerns.
35
36 **2.** Retirees are now picking up the full premium
37 increases on the health insurance coverage. A few
38 years ago retirees under age 65 were paying 10% of

1 the health insurance premiums and now they pay 50%
2 on average.

3
4 **3.** The Defined Benefit Pension Plan's benefit formulas
5 were reduced (approximately 23%) for all non-union
6 new hires effective January 1, 2006 and forward,
7 and all new union hires effective January 1, 2011.

8
9 **4.** Avista continues to operate under a hiring
10 restriction which requires approval by the
11 Chairman, CEO and President, President of the
12 Utility, CFO, and Sr. VP for Human Resources for
13 all replacement or new hire positions.

14
15 **5.** The Company has increased shift coverage company-
16 wide for natural gas and electric servicemen for
17 after (normal) hours calls. This provides for more
18 prompt call response at lower cost (straight time
19 versus overtime).

20
21 These programs are examples of the extensive efforts
22 by Avista to identify and implement efficiency measures
23 and/or productivity improvements while continuing to
24 provide quality service to customers.

25 **Q. What improvements have been made in the area of**
26 **customer service?**

27 **A.** Avista also has a number of ongoing process
28 improvement measures related to customer service that have
29 provided savings and efficiencies as described below.

30 **1. Avista's Customer Service Analyst Team** constantly
31 challenges themselves to find ways to improve the
32 business without compromising customer
33 satisfaction. Initiatives such as automated
34 address corrections⁴ prior to bill printing and
35 automated address returns with the US Postal

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

1 Service, reviewing collection notice parameters,
2 implementing e-mail management processes, improving
3 system response time, designing a comprehensive
4 screen view, e-bill promotions and other
5 miscellaneous improvements resulted in over \$1
6 million of productivity savings from 2004-2011.
7 Examples included within the \$1 million in savings
8 include options that give customers more choices
9 such as:

- 10 a. E-bill - 86,501 customers enrolled - Savings
11 \$.46 per bill per month.
12 b. Web payment process - reduced company cost
13 from \$.80 to \$.10 per transaction - 60,000
14 transactions per month.
15

16 **2. Enterprise Voice Portal (EVP) System.** In mid-2009,
17 Avista implemented its new EVP System. The new EVP
18 system replaced the Company's old Integrated Voice
19 Response (IVR) system, installed in 1997, which was
20 no longer being supported by the vendor. The new
21 EVP system handled 708,000 customer calls in 2011
22 (approximate offset of 36 Full Time Equivalent
23 employees). This was 46.1% of the total inbound
24 calls into Avista. The new EVP system has several
25 new features that will increase customer self
26 service capabilities and improve customer
27 satisfaction, including the ability to generate
28 customized, automated outbound calling campaigns.
29 In 2011, over 30,000 customers were contacted using
30 this automated system, with messages ranging from
31 planned maintenance that may interrupt their
32 electrical service, to important information about
33 their account - reducing the need for more
34 expensive customer contact options, such as mailed
35 postcards, door to door visits, or manual calling
36 by customer service employees. The avoided labor
37 savings from the IVR/EVP system from 1998 through
38 2011 represents a total cumulative savings of
39 approximately \$23 million.
40

41 **3. Construction workbench.** On-line tool installed
42 September 2010. This tool is aimed primarily at
43 contractors and developers to request new or
44 updated Avista services online. It automatically
45 creates and sends job tickets to an Avista service
46 worker's Blackberry or Smartphone. A Contractor
47 can initiate a construction order on-line any time

1 allowing them additional flexibility in scheduling
2 and avoiding the requirement to contact the
3 Customer Service Design technician during normal
4 business hours.

5
6 **4. Energy conservation and efficiency improvements at**
7 **Avista Facilities.** The Company actively practices
8 energy conservation and efficiency in our buildings
9 and facilities. The focus of these efforts is to
10 reduce energy consumption and manage energy costs
11 while providing comfort to building occupants. In
12 2010, Avista began benchmarking facility energy use
13 to continuously improve performance. Over the last
14 few years Avista has made great strides to improve
15 energy efficiency and reduce annual energy usage in
16 own facilities through a number of different
17 projects. Some of these projects include:

- 18
- 19 • Lighting retrofit projects in a number of
- 20 areas to reduce kWh usage and take advantage
- 21 of more efficient lighting fixtures;
- 22 • Replacing aging HVAC systems to improve energy
- 23 efficiency and take advantage of the controls
- 24 that new technology offers;
- 25 • Upgrading to high efficiency windows providing
- 26 better insulation and helping to reduce heat
- 27 gain in the summer months.
- 28 • Reconstruction of office space to meet
- 29 Leadership in Energy and Environmental Design
- 30 (LEED) standards.
- 31
- 32

33 **VII. CUSTOMER SUPPORT PROGRAMS**

34 **Q. What customer support programs does Avista**
35 **provide for its customers in Idaho?**

36 A. Avista Utilities offers a number of programs for
37 its Idaho customers, such as energy efficiency programs,
38 Project Share for emergency assistance to customers, a
39 Customer Assistance Referral and Evaluation Service

1 (CARES) program, senior programs, level pay plans, and
2 payment arrangements. Through these programs the Company
3 works to build lasting ways to ease the burden of energy
4 costs for customers that have the greatest need.

5 To assist our customers' in their ability to pay, the
6 Company focuses on actions and programs in four primary
7 areas: 1) advocacy for and support of energy assistance
8 programs providing direct financial assistance; 2) low
9 income and senior outreach programs; 3) energy efficiency
10 and energy conservation education; and 4) support of
11 community programs that increase customers' ability to pay
12 basic costs of living.

13 In the 2011/2012 heating season 23,695 Idaho
14 customers received approximately \$4 million in various
15 forms of energy assistance (Federal LIHEAP program,
16 Project Share, and local community funds).

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

19 A. Project Share is a community-funded program
20 Avista sponsors to provide one-time emergency support to
21 families in the Company's region. Avista customers and
22 shareholders help support the fund with voluntary
23 contributions that are distributed through local community
24 action agencies to customers in need. Grants are

1 available to those in need without regard to their heating
2 source. In 2011, Avista Utilities' customers donated
3 \$302,505 on a system-wide basis, of which \$82,009 was
4 directed to Idaho Community Action Agencies. In addition,
5 the Company contributed \$61,800 to Project Share for the
6 benefit of Idaho customers in the last heating season.

7 **Q. What other bill-assistance programs does the**
8 **Company offer?**

9 A. In an effort to assist and educate customers
10 about options such as Comfort Level Billing, and Payment
11 Arrangements, we developed a campaign encouraging
12 customers to learn about and enroll in the various bill
13 assistance options available to them. This campaign was
14 launched in March 2009 in both Idaho and Washington. It
15 explained how Comfort Level Billing helps smooth out the
16 seasonal highs and lows of customers' energy usage and
17 provides the customer the option to pay the same bill
18 amount each month of the year. This allows customers to
19 more easily budget for energy bills and avoid higher
20 winter bills. This program has been well-received by
21 participating customers. Roughly 20,137 or 14%, of Idaho
22 electric and natural gas customers are on Comfort Level
23 Billing.

1 In addition, the Company's Contact Center
2 Representatives work with customers to set up payment
3 arrangements to pay energy bills, and choose a preferred
4 due date. In 2011, 31,903 Idaho customers were provided
5 with over 73,013 such payment arrangements.

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

7 A. In Idaho, Avista is currently working with over
8 918 special needs customers in the CARES program.
9 Specially-trained representatives provide referrals to
10 area agencies and churches for customers with special
11 needs for help with housing, utilities, medical
12 assistance, etc. One of the benefits we have in utilizing
13 CARES representatives is the ability to evaluate each
14 customer, based on their specific need and to educate them
15 on what assistance is available within the community that
16 meets those individual needs. A goal of the program is to
17 enable customers to manage not only their Avista bill, but
18 other bills and needs as well.

19 **Q. Does the Company have other programs to serve**
20 **its customers?**

21 A. Yes. The following are examples of outreach
22 programs that are available to customers:

23
24

- 1 **1. Gatekeepers Program:** Avista has implemented the
2 Gatekeepers Program, a program that trains field
3 personnel to be aware of signs that a customer may
4 be having difficulty with daily living tasks (e.g.
5 paper or mail not collected). The CARES
6 representatives conduct training of company-wide
7 field personnel who come into contact with
8 residential customers on a regular basis. In the
9 event employees identify a customer having
10 difficulty, the employee is asked to notify the
11 CARES representatives who would contact appropriate
12 community resources for assistance.
13
- 14 **2. Senior Energy Outreach:** Avista has developed
15 specific strategic outreach efforts to reach our
16 more vulnerable and fixed income customers (seniors
17 and disabled customers) with bill paying assistance
18 and energy efficiency information that emphasizes
19 comfort and safety.
20
- 21 **3. Senior Publications:** Avista has created a one-page
22 advertisement that has been placed in senior
23 resource directories and targeted senior
24 publications to reach seniors with information
25 about energy efficiency, Comfort Level Billing,
26 Avista CARES and energy assistance. A brochure
27 with the same information has also been created for
28 distribution through senior meal delivery programs
29 and other senior home-care programs.
30
- 31 **4. Senior Energy Workshops:** With the help of
32 additional workshop presenters, 8 Senior Energy
33 Workshops were held in Idaho during the 2011/2012
34 heating season. Over 595 seniors were reached and
35 were given Senior Energy Efficiency kits along with
36 learning about low-cost/no-cost ways to reduce
37 energy use. Each kit contains energy-saving items
38 such as plastic window covering, draft stoppers for
39 exterior light switches and outlets, v-seal for
40 drafty doors and a polar fleece lap blanket. The
41 Company approaches talking with seniors about
42 reducing their energy use very respectfully and
43 carefully to assure health, safety and comfort. We
44 discuss lifestyle changes that could be made and
45 steps to take before turning the thermostat up, and
46 not keeping the thermostat too low.
47

1 **5. Every Little Bit House:** In partnership with KREM
2 television, fifteen and thirty second vignettes
3 were developed that cover low-cost and no-cost ways
4 to save energy at home. The goal of the vignettes
5 is to help limited income seniors and other
6 vulnerable populations with their energy bills by
7 providing home energy conservation education. The
8 vignettes provide helpful energy conservation tips,
9 information on community resources and ways for
10 customers to manage their energy bills.
11

12 **6. Energy Fairs:** In 2011, Avista initiated and hosted
13 three Energy Fairs - one in Coeur d'Alene, Idaho,
14 one in Spokane, Washington, and one in Clarkston,
15 Washington. The fairs provided information and
16 demonstrations on energy assistance, energy
17 efficiency and home weatherization to limited
18 income families and senior citizens. Nearly 900
19 people attended the three fairs. The Energy Fairs
20 provide an environment for customers to learn about
21 billing options and energy assistance, while
22 offering them tips and tools to use to help manage
23 their limited financial resources.
24

25
26
27 **Q. Can you please describe how the Company measures**
28 **customer satisfaction, and how important it is to Avista?**

29 A. Yes, our customer satisfaction is very important
30 to Avista. We measure satisfaction by doing a quarterly
31 survey we refer to as "Voice of the Customer" (VOC). The
32 purpose of the VOC Survey is to measure and track customer
33 satisfaction for Avista Utilities' "contact" customers -
34 customers who have contact with Avista through the Call
35 Center and/or work performed through an Avista
36 construction office.

1 Customers are asked to rate the importance of several
2 key service attributes. They are then asked to rate
3 Avista's performance with respect to the same attributes
4 (time for connection to a representative, representative
5 being courteous and friendly, representative being
6 knowledgeable, being informed of job status, leaving
7 property in condition found, etc.) Customers are also
8 asked to rate their satisfaction with the overall service
9 received from Avista Utilities. Customer verbatim
10 comments are also captured and recorded.

11 Our most recent second quarter 2012 customer survey
12 results show an overall customer satisfaction rating of
13 93% in our Idaho, Washington, and Oregon operating
14 divisions. This rating reflects a positive experience for
15 customers who have contacted Avista related to the
16 customer service they received.

17 **Q. Does this conclude your pre-filed direct**
18 **testimony?**

19 A. Yes.

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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION) CASE NO. AVU-E-12-08
OF AVISTA CORPORATION FOR THE) CASE NO. AVU-G-12-07
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. KOPCZYNSKI
_____)

FOR AVISTA CORPORATION

(ELECTRIC AND NATURAL GAS)

Customer Usage
State of Idaho - Electric & Natural Gas
As of June 30, 2012

Electric			kwh	
	Schedule	No. of Customers	(000s)	% of Total kwh
Residential Sch. 1		100,675	1,134,723	34%
General Sch. 11&12		19,982	330,238	10%
Lge. General Sch. 21&22		1,227	700,573	21%
Ex. Lge. General Sch. 25&25P		10	1,142,791	34%
Pumping Sch. 30,31&32		1,369	56,195	2%
Street & Area Lights		177	13,905	0%
		123,440	3,378,425	100%

Natural Gas			Therms	
	Schedule	No. of Customers	(000s)	% of Total Therms
General Service 101		73,857	53,137	45%
Lg. General Service 111&112		1,338	21,553	18%
Interruptible Service 132		1	395	0%
Transportation Service & Other		7	43,527	37%
		75,203	118,612	100%

Total Electric & Gas Customers 198,643