Exhibit No. ___(DFK-1T)

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DOCKET NO. UE-11_____

DOCKET NO. UG-11_____

DIRECT TESTIMONY OF

DON F. KOPCZYNSKI

REPRESENTING AVISTA CORPORATION

I. INTRODUCTION

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

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

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

A. Yes. Prior to joining the Company in 1979, I earned a Bachelor of Science Degree in Engineering from the University of Idaho. I have also earned a Master's Degree in Engineering from Washington State University, a Master's Degree in Organizational Leadership from Gonzaga University, and a Master's Degree in Business Administration from Whitworth University. Over the past 31 years I have spent approximately 18 years in Energy Delivery, managing Engineering, various aspects of Operations, and Customer Service. In addition, I spent three years managing the Energy Resources Department, including Power Supply, Generation and Production, and Natural Gas Supply. I have worked in the areas of Corporate Business Analysis and Development, and served in a variety of leadership roles in subsidiary operations for Avista Corp. I was appointed General Manager of Energy Delivery in 2003 and Vice President in 2004. In April 2011 I was appointed to my current position of Vice President of Customer Solutions. I serve on several boards, including the Washington State Electrical Board, Northwest Gas Association, American Gas Association, Common Ground Alliance, and the Washington State University and University of Idaho Engineering Advisory Boards.

Q. What is the scope of your testimony?

A. I will provide an overview of the Company's electric and natural gas energy delivery facilities and operations. I will also explain some of our efforts to control costs, increase efficiency, and improve customer service, as well as summarize Avista's customer support programs in Washington. A table of the contents for my testimony is as follows:

Q. Are you sponsoring any exhibits in this proceeding?

A. Yes. I am sponsoring Exhibit No.__(DFK-2) which shows the detailed usage and number of customers for each customer class.

II. OVERVIEW OF AVISTA'S ENERGY DELIVERY SERVICE

Q. Please describe Avista Utilities' Washington electric and natural gas utility operations.

A. Avista Utilities operates a vertically-integrated electric system. In addition to the hydroelectric and thermal generating resources described by Company witness Mr. Lafferty, the Company has approximately 8,011 miles of conductor in the following categories in Washington: 275 miles of 230 kV transmission, 924 miles of 115 kV transmission, and 6,868

miles of distribution line at a variety of voltages. The predominant distribution voltage is 13.2 kV.

Avista owns and maintains a total of 3,446 miles of natural gas distribution lines in the state of Washington, and is served off of the Williams Northwest and Gas Transmission Northwest (GTN) pipelines. A map showing the Company's electric and natural gas service area in Washington is provided by Company witness Mr. Morris at page 2 of Exhibit No. ___(SLM-2).

As detailed in the Company's 2009 electric Integrated Resource Plan[1], Avista expects retail electric sales growth to average 1.7% annually for the next ten years and 1.7% over the next twenty years in Avista's service territory, primarily due to increased population and business growth. In 2009, Avista had 3,350 new electric residential customer connections[2] and 2,455 for 2010.

Also, based on Avista's 2009 natural gas Integrated Resource Plan[3], in Washington/Idaho the number of natural gas customers were projected to increase at an average annual rate of 2.2%, with demand growing at a compounded average annual rate of 1.0%. New natural gas customer connections for all customer classifications were 3,362 in 2009 and 2,697 in 2010.

Q. How many customers are served by Avista Utilities in Washington?

A. Of the Company's 358,982 electric and 319,141 natural gas customers (as of December 31, 2010), 235,820 and 148,247, respectively, were Washington customers. Avista's largest electric customer in Washington is the Inland Empire Paper facility.

[1] A copy of the Company's 2009 Electric IRP has been provided by Mr. Lafferty as Exhibit No.__(RJL-2).
[2] A new customer connection as defined by Avista is when a customer receives a bill for the first time at a particular premise/location.
[3] A copy of the Company's 2009 Natural Gas IRP has been provided by Mr. Christie at Exhibit No.__(KJC-2).

Q. Please describe the Company's operations centers that support electric and natural gas customers in Washington.

A. The Company has construction offices in Spokane, Colville, Chewelah, Othello, Ritzville, Pullman, Clarkston, Deer Park, and Davenport. Avista's four customer contact centers in Spokane, Washington, Coeur d'Alene and Lewiston, Idaho, and Medford, Oregon, are networked, allowing the full pool of regular and part-time employees to respond to customer calls in all jurisdictions.

III. DISTRIBUTION OPERATIONS

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

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

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

A. Natural gas operations performs necessary maintenance required by the US Department of Transportation Pipeline Safety Regulations, 49 CFR, Part 192. Ongoing

maintenance focuses on valve and regulator stations, atmospheric corrosion protection, and leak surveys. The following is further detail regarding the natural gas maintenance programs the Company has or is in the process of implementing:

1. **Isolated Steel Replacement Program.** The Company is obligated to maintain all below-ground steel pipelines in accordance with 49 CFR§192.455 External Corrosion Control: Buried or Submerged Pipelines Installed After July 31, 1971. The Company has implemented a special cathodic protection program for the purpose of finding, as practicable, all isolated steel in its natural gas 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 Washington, Idaho, 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 Washington in 2011.

   Capital work for riser replacements and isolated steel pipe remediation will continue for up to ten (10) years until all 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 Washington's portion of this project in 2011 are planned to be $347,313 and the capital costs are $615,000. Company witness Ms. Andrews has incorporated the additional O&M and capital costs into her adjustments. As discussions with the UTC Staff are ongoing at this time concerning the scope of the program, the actual project costs are currently unknown. Once an agreement is reached, the project costs for 2011 will be updated.

2. **Increased Leak Survey of Aldyl-A Pipe.** Avista, as part of a Settlement Agreement with the 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 Washington, Idaho, and Oregon.

   The 2011 cost for the increased leak survey in Washington is approximately $30,000. 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 594 miles of pre-1987 Aldyl-A pipe installed in Washington. The Company will remove the Aldyl-A pipe in Idaho and Oregon through the DIMP program as well.

   The cost associated with this special program is estimated to approach $320 million over a twenty (20) year program lifetime, of which approximately $151 million is for that pipe existing in Washington. The Company has not requested additional costs associated with this program in this filing.

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

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

   The Company completes this testing in each state over a three year period, rotating through one state per year. Washington is next up in 2012 at a cost of $450,000. The Company is requesting to recover Washington's cost over a 3 year period (2012-2014), one-third per year, and therefore Ms. Andrews has pro formed $150,000 for atmospheric O&M expense within her adjustments. The Company has received approval of this agreement in Oregon (total program cost of $596,000 or $198,667 / year) and will be requesting recovery in its next Idaho general rate case (total program cost of $450,000 or $150,000 - year) as well, so the Company remains whole on an annual basis.

IV. COST CONTROL AND EFFICIENCY EFFORTS

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

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

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

1. **Mobile Dispatch – Electric.** In December 2010, the implementation of wireless laptop computers with mobile maps (Mobile Dispatch) was deployed to approximately one-half of Avista electric servicemen. Mobile dispatch was previously implemented in June 2006 to all Avista natural gas servicemen. Mobile Dispatch automatically dispatches work orders to Avista servicemen throughout the day through wireless technology to laptop computers mounted in Avista service trucks. Prior to Mobile Dispatch, orders were created in Avista's work management system and printed at the local construction offices. Employees in each office would sort, assign and dispatch (via phone, pager, fax or in person) orders each morning. The field employees would work with the orders and call in the completed work periodically throughout the day or simply turn-in the stack of completed orders at the end of the day. The completed orders were manually completed by employees who entered the information regarding the order back into the work management system. The paper processes made it difficult to track the status of individual orders and fieldworkers throughout each day. It was also very difficult for the dispatchers to keep up with the volume of paper being sent out each morning, changes to the orders that occurred during the day, and completed orders returned at the end of the shift.

   Mobile Dispatch has automated the order creation, modification and completion process. With the new technology, orders are created in the work management system and are automatically dispatched to the correct field worker based on the order's Latitude/Longitude position and the person assigned to work orders in that area. Once a field employee has been identified, the order is sent through wireless technology to the laptop computer mounted in Avista's service truck. The order is then reviewed by the employee for specific information needed to complete the work. The order status is transmitted back to the dispatch center, as the employee indicates

they are en route, on-site, and/or have completed the work. The completed order is transmitted back to the work management system where it is closed automatically. Dispatchers have complete information for each order and a field employee's status. They have the ability to manage and redistribute work by simply dragging and dropping orders from one field employee to another. The orders instantly move from the originally-assigned laptop to the newly-assigned laptop.

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

3. **Keyhole Technology.** This process helps us cost-effectively expose underground pipes to perform some of our natural gas repair and maintenance work without cutting into and excavating concrete. Keyhole technology allows the Company to work on underground facilities through an 18 inch-diameter hole in a street's pavement. When the job is done, the street is restored by putting the pavement core back into place with no waste from asphalt mixing. Cost reductions also come from eliminating the need for a backhoe and asphalt hot-patch crew or replacing concrete.

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

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

A. Avista's efforts to control its costs have not been prompted solely by the most recent downturn in the economy. We have continually revisited our costs and operating

practices over time in order to mitigate price increases for our customers. Other measures we have taken include the following:

1. Avista approved a lower capital budget than was requested by the Company's Engineering and Operations personnel. The original capital projects request for approval in 2011 consisted of projects totaling over $292 million. The Capital Prioritization Committee reduced the list of recommended projects by $62 million to the $230 million capital budget approved by the Board (excluding Stimulus Projects[4]). In addition, the Company prioritized O & M facility maintenance and improvement projects and removed projects that could be delayed without safety or operational concerns.

2. Retirees are now picking up the full premium increases on the health insurance coverage. A few years ago retirees under age 65 were paying 10% of the health insurance premiums and now they pay 50% on average.

3. The Defined Benefit Pension Plan's benefit formulas were reduced (approximately 28%) for all non-union new hires effective January 1, 2006 and forward and all new union hires effective January 1, 2011.

4. Bargaining Unit's wages were kept in line with neighboring investor-owned utilities and PUDs.

5. Avista is currently operating under a hiring restriction which requires approval by the Chairman, CEO and President, President of the Utility, CFO, and Sr. VP for Human Resources for all replacement or new hire positions.

6. The Company has increased shift coverage company-wide for natural gas and electric servicemen for after (normal) hours calls. This provides for more prompt call response at lower cost (straight time versus overtime).

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

[4] 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.

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

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

1. **Avista's Customer Service Analyst Team** constantly challenges themselves to find ways to improve the business without compromising customer satisfaction. Initiatives such as automated address corrections[5] prior to bill printing and automated address returns with the US Postal Service, reviewing collection notice parameters, implementing email management processes, improving system response time, designing a comprehensive screen view, ebill promotions and other miscellaneous improvements resulted in over $1 million of productivity savings from 2004-2010. Examples included within the $1 million in savings include options that give customers more choices such as:
   a. E-bill – 78,346 customers enrolled – Savings $.50 per bill per month.
   b. Web payment process – reduced company cost from $.80 to $.10 per transaction – 53,000 transactions per month.

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

The following table shows the avoided labor savings from the IVR/EVP system from 1998 through 2010, representing total cumulative savings of $20.2 million.

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

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 Customer Service Design technician during normal business hours.

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

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

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

V. CUSTOMER SUPPORT PROGRAMS

Q. Please explain the customer support programs that Avista provides for its customers in Washington.

A. Avista Utilities offers a number of programs for its Washington customers, such as the Low-Income Rate Assistance Program (LIRAP), energy efficiency programs, Project Share for emergency assistance to customers, a Customer Assistance Referral and Evaluation

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

In the 2009/2010 heating season 26,751, Washington customers received $11,102,169 in various forms of energy assistance (Federal LIHEAP program, LIRAP, Project Share, and local community funds).

Avista is committed to reducing the burden of energy prices for our customers most affected by rising energy prices, including low income individuals and families, seniors, disabled and vulnerable customers. To assist our customers' in their ability to pay, the Company focuses on actions and programs in four primary areas: 1) advocacy for and support of energy assistance programs providing direct financial assistance; 2) low income and senior outreach programs; 3) energy efficiency and energy conservation education; and 4) support of community programs that increase customers' ability to pay basic costs of living. The following are examples of these outreach programs to customers:

1. **Low-Income Work Bench**: The "Avista Energy Assistant" is a new web-based, self-service tool which enables Community Action Agencies (CAA) to access usage history and credit and collection information needed to qualify customers for energy assistance grants. The Avista Energy Assistant was designed in partnership with local Community Action Agencies and was successfully deployed in the fall of 2009. Both the CAAs and Avista benefit from this new program. The CAAs no longer have to call Avista for the information needed to help our customers. With the customer's permission, they are able to access the information they need, as well as, enter a grant promise on the customer's Avista account. In many cases, the CAAs are able to stop collection activity by entering the grant promise, serving our customers in a timely manner and saving CAAs the time of calling the Company. The CAAs have all reported positive feedback regarding Avista's Energy Assistant.

2. **Gatekeepers Program:** Avista has implemented the Gatekeepers Program, a program that trains field personnel to be aware of signs that a customer may be having difficulty with daily living tasks (e.g. paper or mail not collected). The

CARES representatives conduct training of company-wide field personnel who come into contact with residential customers on a regular basis. In the event employees identify a customer having difficulty, the employee is asked to notify the CARES representatives who would contact appropriate community resources for assistance.

3. **Children's Energy Conservation Outreach:** Avista's youth outreach program features Wattson the Energy Watchdog. He's a mascot that teaches children and their families about conservation and making wise energy choices. The Wattson program has a number of teaching tools for children that include television advertising, a Web site at AvistaKids.com, print collateral and an entertaining live performance. The Wattson and Edison Show is a stage performance designed for school assemblies and community venues that entertains as it educates kids and families. It includes original songs and dances, sound effects and demonstrations that keep the audience engaged in a concise, 15-minute performance. The energy conservation messages are all underscored with activity pages and coloring books that they can take home after the show.

4. **Senior Energy Outreach:** Avista has developed specific strategic outreach efforts to reach our more vulnerable customers (seniors and disabled customers) with bill paying assistance and energy efficiency information that emphasizes comfort and safety.

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

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

7. **Senior Wellness Conference**: Over 3,000 seniors attended the Senior Wellness Conference in the fall of 2010. As one of the event sponsors, Avista provided energy efficiency information in the form of live demonstrations throughout the day of how to install compact fluorescent light bulbs, window plastic covering, v-seal for drafty

doors, rope caulking as well as other weatherization materials. Each senior received the materials that were shown at the demonstration.

8. **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.

9. **Energy Fairs:** In 2010, Avista initiated and hosted two Energy Fairs – one in Spokane, Washington, and one in Coeur d'Alene, Idaho. 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.

Company witness Mr. Folsom provides more detail about Avista Utilities' extensive energy efficiency services available to all of our customers.

Q. What is the Company's Low Income Rate Assistance Program, or LIRAP?

A. The Low-Income Rate Assistance Program, proposed by the Company and approved by the Washington Commission in 2001, collected approximately $4.5 million (natural gas and electric combined) during the last full program year (May 2009 – April 2010) through electric and natural gas tariff surcharges on Schedules 91 and 191 in Washington. These funds are distributed by community action agencies in a manner similar to the Federal and State-sponsored Low Income Home Energy Assistance Program (LIHEAP). The purpose of the LIRAP program is to reduce the energy cost burden among those customers least able to pay energy bills.

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

A. Project Share is a community-funded program Avista sponsors to provide one-time emergency support to families in the Company's region. Avista customers and shareholders help support the fund with voluntary contributions that are distributed through local community action agencies to customers in need. Grants are available to those in need without regard to their heating source. As of December 2010, Avista Utilities' customers donated $316,600 on a system-wide basis, of which $192,358 was directed to Washington Community Action Agencies. In addition, the Company contributed $282,274 to Project Share for the benefit of Washington customers in 2010.

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

A. In an effort to assist and educate customers about options such as Comfort Level Billing, and Payment Arrangements, we developed a campaign encouraging customers to learn about and enroll in the various bill assistance options available to them. This campaign was launched in March 2009 in both Washington and Idaho. It explained how Comfort Level Billing helps smooth out the seasonal highs and lows of customers' energy usage and provides the customer the option to pay the same bill amount each month of the year. This allows customers to more easily budget for energy bills and avoid higher winter bills. This program has been well-received by participating customers. Roughly 46,137, or 18%, of Washington electric and natural gas customers are on Comfort Level Billing.

In addition, the Company's Contact Center Representatives work with customers to set up payment arrangements to pay energy bills, and choose a preferred due date. In 2010, 62,505 Washington customers were provided with over 138,329 such payment arrangements.

Q. Please summarize Avista's CARES program.

A. In Washington, Avista is currently working with over 3,339 special needs customers in the CARES program. Specially-trained representatives provide referrals to area agencies and churches for customers with special needs for help with housing, utilities, medical assistance, etc. One of the benefits we have in utilizing CARES representatives is the ability to evaluate each customer, based on their specific need and to educate them on what assistance is available within the community that meets those individual needs. A goal of the program is to enable customers to manage not only their Avista bill, but other bills and needs as well.

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

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

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

Our most recent first quarter 2011 customer survey results show an overall customer satisfaction rating of 93% in our Washington, Idaho, and Oregon operating divisions. This

rating reflects a positive experience for the vast majority of customers who have contacted Avista related to the customer service they received.

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

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

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

A. Yes.