

Exhibit No. ____ (DFK-1T)

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DOCKET NO. UE-09 _____

DOCKET NO. UG-09 _____

DIRECT TESTIMONY OF

DON F. KOPCZYNSKI

REPRESENTING AVISTA CORPORATION

I. INTRODUCTION

1
2 **Q. Please state your name, employer and business address.**

3 **A.** My name is Don F. Kopczynski and I am employed as the Vice President of
4 Transmission and Distribution Operations for Avista Utilities, at 1411 East Mission Avenue,
5 Spokane, Washington.

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

8 **A.** Yes. Prior to joining the Company in 1979, I earned a Bachelor of Science
9 Degree in Engineering from the University of Idaho. I have also earned a Master's Degree in
10 Management from Washington State University and a Master's Degree in Organizational
11 Leadership from Gonzaga University. Over the past 30 years I have spent approximately 16
12 years in Energy Delivery, managing Engineering, various aspects of Operations, and Customer
13 Service. In addition, I spent three years managing the Energy Resources Department, including
14 Power Supply, Generation and Production, and Natural Gas Supply. More recently, I worked in
15 the areas of Corporate business analysis and development, and served in a variety of leadership
16 roles in subsidiary operations for Avista Corp. I was appointed General Manager of Energy
17 Delivery in 2003 and Vice President in 2004. I serve on several boards, including the Eastern
18 Washington University Electrical Engineering and Computer Science Advisory Board,
19 Washington State Electrical Board, and the Washington State University Engineering Advisory
20 Board.

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

2 A. I will provide an overview of the Company’s electric and natural gas energy
 3 delivery facilities and operations. I will also explain some of our recent efforts to increase
 4 efficiency and improve customer service, such as the newly formatted website and outsourcing of
 5 the bill print and mail service, as well as summarize Avista’s customer service programs in
 6 Washington. A table of the contents for my testimony is as follows:

7

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

18 A. Yes. I am sponsoring Exhibit No. ___(DFK-2) and Exhibit No. ___(DFK-3). Exhibit
 19 No. ___(DFK-2) details the system improvements and efficiencies the Company has undertaken.
 20 Exhibit No. ___(DFK-3) shows the detailed usage and number of customers for each customer
 21 class. These exhibits were prepared under my direction.

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

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3 **Q. Please provide an overview of the customers served by Avista Utilities in**
4 **Washington.**

5 A. Of the Company's 354,732 electric and 314,244 natural gas customers (as of
6 December 31, 2008), 233,087 and 145,664, respectively, were Washington customers. Avista's
7 largest electric customer in Washington is the Inland Empire Paper facility in the Spokane
8 Valley.

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

11 A. Avista Utilities operates a vertically-integrated electric system. In addition to the
12 hydroelectric and thermal generating resources described by Company witness Mr. Storro, the
13 Company has approximately 8,011 miles of conductor in the following classes in Washington:
14 275 miles of 230 kV transmission, 924 miles of 115 kV transmission, and 6,868 miles of
15 distribution line at a variety of voltages. The predominant distribution voltage is 13.2 kV.
16 Avista owns and maintains a total of 3,446 miles of natural gas distribution lines in the state of
17 Washington, and is served off of the Williams Northwest and Gas Transmission Northwest
18 (GTN) pipelines. A map showing the Company's electric and natural gas service area in
19 Washington is provided by Company witness Mr. Morris at page 2 of Exhibit No. ____ (SLM-2).

20 As detailed in the Company's 2007 electric Integrated Resource Plan, Avista expected
21 retail electric sales growth to average 2.3% annually for the next ten years and 2.0% over the
22 next twenty years in Avista's service territory, primarily due to increased population and

1 business growth. The Company is currently in the process of preparing its 2009 IRP, and the
2 impacts of the current economic climate will be reflected in that document to be filed with the
3 Commission in August 2009.

4 Also, based on Avista's 2007 Natural Gas Integrated Resource Plan, in Washington the
5 number of customers were projected to increase at an average annual rate of 2.0%, with demand
6 also growing at 1.9% per year. As with the electric IRP, the impacts of the current economic
7 climate will be addressed in the Company's 2009 natural gas IRP that will be filed with this
8 Commission in December 2009.

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

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

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

18 A. Avista Utilities utilizes Company seasonal and regular crews for gas and electric
19 construction, including new and reconstructed lines, damage repair, and connecting new
20 customers. The Company employs contract crews and temporary and part-time employees to
21 meet customer needs during the peak construction season. The Company also has several
22 maintenance programs to maintain the reliability of our electric and gas infrastructure. On the

1 electric side, this includes the Company's asset management program (including wood pole
2 inspection and replacement), vegetation management, electric transmission line inspection and
3 reconstruction. Company witness Mr. Kinney discusses this program in more detail. Regarding
4 natural gas operations, ongoing maintenance focuses on valve and regulator stations, atmospheric
5 corrosion protection, and leak surveys.

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7 **III. SYSTEM IMPROVEMENTS AND EFFICIENCIES**

8 **Q. Has the Company looked at undertaking additional measures to either**
9 **reduce costs or increase customer service levels?**

10 A. Yes. Avista Utilities has undertaken a number of improvements and efficiency
11 initiatives throughout our service area that are focused on either increasing customer service and
12 satisfaction, or increasing productivity and reducing operating costs. We believe these measures
13 have served to mitigate the impact on customers of the proposed rate increase.

14 **Q. Please explain the system improvement measures that Avista has**
15 **implemented in its service area.**

16 A. Some of the recent improvements that the Company has implemented are as
17 follows:

- 18 • We have updated our Integrated Voice Response system to provide more
19 assistance to our customers to interact with our company.
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21 • Our redesigned website – AvistaUtilities.com provides customers easy access
22 to their account where they can review and pay their bill; it also provides
23 current company information.
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- The Every Little Bit Energy Efficiency Campaign - We are able to show customers that “every little bit” does add up and can make a difference in their energy usage.
- Evaluating transmission and distribution system efficiencies. By tracking the reduction in losses across our transmission and distribution system, Avista can verify the life cycle cost benefit of the system improvement.
- Avista has been able to complete numerous small energy efficiency projects that have resulted in energy conservation at company offices and service centers.
- We outsourced our bill print and mailing operations which now meets all requirements for disaster recovery which ensures timely delivery of customer information and customer bills.
- Avista is working through collaborative efforts with the City of Spokane in a pilot program to coordinate design locates as part of the City’s construction design process.
- Helped formulate the Spokane Regional Infrastructure Efficiency Plan. The Joint Utilities Coordination Council has resulted in greater coordination and efficiencies across the entire Spokane region.
- Craft Training - this new learning network gives us a delivery and a record-keeping system that allows the Company to plan, schedule and document our training programs and requirements in a more efficient way.
- Implemented a new Asset Management Program. This new software allows detailed analysis of the impacts of increased or decreased reliability based on system configuration and component reliability.
- The Company recently deployed a custom software application which provides the Company with the ability to manage the scheduling of planned outages for transmission lines and line segments. This improvement to the system has reduced operator time, streamlined the scheduling process, and reduces errors.
- As of late 2008, all gas and electric crew callouts in all jurisdictions will be handled by the ARCOS Rostermonster system. The expanded capabilities of ARCOS will allow us to call out personnel from multiple lines with less delay, thereby improving restoration time for after-hour customer outages.

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- The Company has recently started an evaluation of the Fleet Department. Company employees have identified process improvements in addition to technological upgrades that will benefit and modernize its fleet department.
 - We have implemented a new Outage Management System to help minimize the restoration time of outages on our system.
 - Our Mobile Dispatch Program reduces the time it takes for the Company to process customers' natural gas orders, and provide service. We also made outage information available to customers on the Company's website at <http://www.avistautilities.com/safety/outages/pages/default.aspx>.

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These programs are detailed further in Exhibit No. ___(DFK-2), and are examples of the extensive efforts of Avista to identify and implement efficiency measures and/or productivity while continuing to provide quality service to customers.

IV. INFORMATION SERVICES SUPPORT

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Q. Please explain what expenditures are directly related to the Company's Information Services being captured in this case.

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A. The expenditures that the Company has pro formed in this case include the administrative and general (A&G) expenses associated with incremental known and measureable changes for labor and non-labor informational services costs planned for 2010 above the test period, which total \$3.7 million on a system basis Washington's share is approximately \$1.8 million). They are related to the following:

1 1) additional labor dollars required to support applications utilized by the Company in
2 recent years, such as the mobile dispatch and outage management applications, improved web
3 application support, and additional security and compliance requirements; and

4 2) additional non-labor dollars required for hosting fees, application fees, software
5 maintenance and license fees, and new and replacement software and hardware for business
6 applications. Company witness Ms. Andrews includes these additional expenses in her pro
7 forma adjustments.

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9 **V. CUSTOMER SUPPORT PROGRAMS**

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

12 A. Avista Utilities offers a number of programs for its Washington customers, such
13 as the Low-Income Rate Assistance Program (LIRAP), energy efficiency programs, Project Share
14 for emergency assistance to customers, a Customer Assistance Referral and Evaluation Service
15 (CARES) program, senior programs, level pay plans, and payment arrangements. Some of these
16 programs will serve to mitigate the impact on customers of the proposed rate increase.

17 **Q. Please describe Avista Utilities' demand-side management (DSM), or energy**
18 **efficiency, programs.**

19 A. The Company's innovative Energy Efficiency Tariff Rider is celebrating its
20 fourteenth anniversary. The tariff rider, the country's first distribution charge to fund DSM and
21 now replicated in many other states, has provided consistent funding for the delivery of energy

1 efficiency services. Company witness Mr. Folsom provides more detail about Avista Utilities'
2 energy efficiency services.

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

4 A. The low-income rate assistance program, proposed by the Company and approved
5 by the Washington Commission in 2001, collects approximately \$3.75 million (natural gas and
6 electric combined) per year through electric and natural gas tariff surcharges on Schedules 91
7 and 191. These funds are distributed by community action agencies in a manner similar to the
8 Federal and State-sponsored Low Income Heating Energy Assistance Program (LIHEAP). The
9 purpose of the LIRAP program is to reduce the energy cost burden among those customers least
10 able to pay energy bills.

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

12 A. Project Share is a community-funded program Avista sponsors to provide one-
13 time emergency support to families in the Company's region. Avista customers and shareholders
14 help support the fund with voluntary contributions that are distributed through local community
15 action agencies to customers in need. Grants are available to those in need without regard to
16 their heating source. As of December 2008 Avista Utilities' customers donated \$238,247 on a
17 system basis, of which \$161,204 was directed to Washington Community Action Agencies. In
18 addition, the Company contributed \$205,350 to Washington customers in 2008.

19 **Q. Does the Company offer a bill-averaging program?**

20 A. Yes. Comfort Level Billing helps smooth out the seasonal highs and lows of
21 customers' energy usage and provides the customer the option to pay the same bill amount each
22 month of the year. This allows customers to more easily budget for energy bills and avoid higher

1 winter bills. This program has been well-received by participating customers. Over 41,693, or
2 16%, of Washington electric and natural gas customers are on Comfort Level Billing.

3 In addition, the Company's Contact Center Representatives work with customers to set
4 up payment arrangements to pay energy bills. In 2008, 61,887 Washington customers were
5 provided with over 145,944 such payment arrangements.

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

7 A. In Washington, Avista is currently working with over 3,276 special needs
8 customers in the CARES program. Specially-trained representatives provide referrals to area
9 agencies and churches for customers with special needs for help with housing, utilities, medical
10 assistance, etc.

11 **Q. Have these programs helped mitigate the impact on customers in need?**

12 A. Yes. Through these programs, the Company works to build lasting ways to ease
13 the burden of energy costs for customers that have the greatest need.

14 In the 2007/2008 heating season, 13,420 Washington customers received \$6,213,191 in
15 various forms of energy assistance (Federal LIHEAP program, Project Share, and local
16 community funds). On September 30, 2008, President Bush signed legislation that provides \$5.1
17 billion for the Low Income Home Energy Assistance Program (LIHEAP) for the 2008/2009
18 heating season. This increased funding will serve an additional 2 million households and raise
19 the average grant from \$355 to \$550 and also allows states to carryover any funds remaining to
20 next years heating season. Washington's share of the LIHEAP funding was increased from
21 \$40,450,000 to \$74,603,000. This bill also provides increased funding for weatherization

1 assistance programs. These programs and the partnerships we have formed have been invaluable
2 to customers who often have nowhere else to go for help.

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

4 **A. Yes.**