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VIA – UTC Web Portal

May 29, 2015

Steven V. King
Executive Director and Secretary
Washington Utilities & Transportation Commission
1300 S. Evergreen Park Drive S. W.
P.O. Box 47250
Olympia, Washington 98504-7250

Re: Docket Nos. UE-140188 and UG-140189 (Consolidated) Compliance Filing Regarding Proposed Service Quality Measures Program

Dear Mr. King:

Attached for filing with the Commission are the Original and seven copies of Avista Corporation's d/b/a Avista Utilities ("Avista" or "Company") compliance filing in Docket Nos. UE-140188 and UG-140189, consisting of the proposed Service Quality Measures ("SQM") Program and accompanying tariffs, WN U-28 and WN U-29:

WN U-28

Original Sheet 85
Original Sheet 85a
Original Sheet 85b
Original Sheet 85c
Original Sheet 85d

WN U-29

Original Sheet 185
Original Sheet 185a
Original Sheet 185b
Original Sheet 185c

In Avista's 2014 general rate case,¹ the Commission approved a Settlement Stipulation among the Parties, which provided that:

¹ Docket Nos. UE-140188 and UG-140189 (Consolidated)

Avista agrees to meet with Staff and interested parties to develop and implement appropriate service quality metrics, customer guarantees, and reporting, along with agreed upon tariff revisions filed on or before June 1, 2015, with a program in place July 1, 2015. (Order 05, Appendix A Settlement Stipulation at page 11)

On February 19, 2015, Avista invited all parties² to its recently concluded general rate case, Docket Nos. UE-140188 and UG-140189 (Consolidated), to participate in developing service quality metrics, customer guarantees, and reporting. Avista, Commission Staff (“Staff”), the Public Counsel Unit of the Attorney General (“Public Counsel”), and the Energy Project (hereinafter the “Parties”) participated in a series of discussions on appropriate service quality measures. The initial discussion was held among the Parties via telephone on March 4, 2015. Additional conference calls were held on March 18, April 7, April 9, April 28, and May 7, 2015. The Parties were able to reach consensus on the measures described below. These measures are proposed to be implemented by Avista effective July 1, 2015.

PROPOSED SERVICE QUALITY MEASURES PROGRAM

Under its service quality program, the Parties agree that Avista will track and report its annual performance in meeting the benchmarks established for 13 individual measures of customer service quality, and will report its annual results for two measures of electric system reliability. These 15 measures are grouped into three categories that include Customer Service, Electric System Reliability, and Customer Guarantees. Fourteen of the measures apply to the Company’s electric service, and 9 measures are applicable to natural gas service. A description of the measures and respective benchmarks is provided below.

A. Customer Service Measures (6 Measures)

1. The level of customer satisfaction with telephone service, as provided by the Company’s Customer Contact Center, will be at least 90 percent, where:
 - a. The measure of customer satisfaction is based on customers who respond to Avista’s quarterly survey of customer satisfaction, known as the Voice of the Customer, as conducted by its independent survey contractor;

² Invitations were sent to Staff, the Energy Project, Industrial Customers of Northwest Utilities (ICNU), Northwest Industrial Gas Users (NWIGU), and Public Counsel. ICNU and NWIGU did not actively participate.

- b. The measure of satisfaction is based on customers participating in the survey who report the level of their service satisfaction as either “satisfied” or “very satisfied;” and
 - c. The measure of satisfaction is based on the statistically-significant survey results for both electric and natural gas service for Avista’s entire service territory for the calendar year, and if possible³, will also be reported for Washington customers only.
 2. The level of customer satisfaction with the Company’s field services will be at least 90 percent, where:
 - a. The measure of customer satisfaction is based on customers who respond to Avista’s quarterly survey of customer satisfaction, known as the Voice of the Customer, as conducted by its independent survey contractor;
 - b. The measure of satisfaction is based on customers participating in the survey who report the level of their service satisfaction as either “satisfied” or “very satisfied;” and
 - c. The measure of satisfaction is based on the statistically-significant survey results for both electric and natural gas service for Avista’s entire service territory for the calendar year, and if possible⁴, will also be reported for Washington customers only.
 3. The number of complaints filed with the Washington Utilities and Transportation Commission by Avista’s electric and natural gas customers will not exceed the rate of 0.4 complaints per 1,000 customers for the calendar year.
 4. The percentage of customer calls answered by a live representative within 60 seconds will be at least 80 percent for the calendar year, where:
 - a. The measure of response time is based on results for the Company’s Contact Center, and is initiated when the customer requests to speak to a customer service representative; and
 - b. Response time is based on the combined results for both electric and natural gas customers for Avista’s entire service territory.
 5. The Company’s average response time to an electric system emergency in Washington will not exceed 80 minutes for the calendar year, where:
 - a. Response time is measured from the time of the customer call to the arrival of a field service technician;

³ Avista will work with its independent survey contractor to determine if survey calls from its Washington customers can be segregated for separate reporting in 2016. The Washington-only results would not be used as the basis for measuring Avista’s performance under this measure. Avista will determine the issues and costs associated with modifying its Voice of the Customer survey to provide statistically significant results for Washington only, and report back to the parties.

⁴ Please see the preceding footnote number 3.

- b. “Electric system emergency” is defined as an event when police/fire are standing by, or arcing/flashing wires down (unspecified location, pole to house, or pole to pole), or for feeder lockouts; and
 - c. Response times are excluded from the calculation for those periods of time when the Company is experiencing an outage that qualifies as a major event day (“MED”), as defined by the IEEE,⁵ and which includes the 24-hour period following the MED.
6. The Company’s average response time to a natural gas system emergency⁶ in Washington will not exceed 55 minutes for the calendar year. Response time is measured from the time of the customer call to the arrival of a field service technician.

B. Electric System Reliability (2 Measures)

1. The Company will report the frequency of electric system interruptions per customer for the calendar year, where:
 - a. The interruptions are measured as the System Average Interruption Frequency Index (“SAIFI”), as calculated by the IEEE;
 - b. The calculation of SAIFI excludes interruptions associated with any MED;
 - c. The report will provide a brief description of the predominant factors influencing the current-year results, and in the context of the Company’s historic five-year rolling average of SAIFI; and
 - d. The results will be reported on a system basis for Washington and Idaho and will include the annual SAIFI for Washington only.
2. The Company will report the duration of electric system interruptions per customer for the calendar year, where:
 - a. The interruption duration is measured as the System Average Interruption Duration Index (“SAIDI”), as defined by the IEEE;
 - b. The calculation of SAIDI excludes interruptions associated with any MED;
 - c. The report will provide a brief description of the predominant factors influencing the current-year results, and in the context of the Company’s historic five-year rolling average of SAIDI; and

⁵ IEEE is the Institute of Electrical and Electronics Engineers, a professional organization that has developed a range of electric reliability standards, which have been broadly adopted by the electric utility industry.

⁶ “Natural Gas System Emergency” is defined as an event when there is a natural gas explosion or fire, fire in the vicinity of natural gas facilities, police or fire are standing by, leaks identified in the field as “Grade 1”, high or low pressure problems identified by alarms or customer calls, natural gas system emergency alarms, carbon monoxide calls, natural gas odor calls, runaway furnace calls, or delayed ignition calls.

- d. The results will be reported on a system basis for Washington and Idaho and will include the annual SAIDI for Washington only.

C. Customer Service Guarantees (7 Measures)

For each of the Customer Service Guarantees under this Program, Avista will timely provide the qualifying customer credit or applicant check without any requirement on the part of the customer or applicant to either apply for, or request the applicable credit or check.

1. The Company will keep mutually agreed upon appointments with customers for electric and natural gas service, scheduled in the time windows of either 8:00 a.m. to 12:00 p.m., or 12:00 p.m. to 5:00 p.m.. Avista will provide a bill credit to the customer in the amount of \$50.00 for each missed appointment, except for the following instances:
 - a. When the customer or applicant cancels the appointment;
 - b. The customer or applicant fails to keep the appointment; or
 - c. The Company reschedules the appointment with at least 24 hours notice to the customer.
2. When the customer experiences an electric interruption, the Company will restore the service within 24 hours of notification from the customer. Avista will provide a bill credit to the customer in the amount of \$50.00 if the restoration time exceeds 24 hours, except for the following instances:
 - a. During periods of time when the outage is associated with a MED, which includes the 24-hour period following the MED; or
 - b. When an action or default by someone other than a utility employee which is outside the control of the company prevented it from restoring supply.
3. The Company will switch on power within one business day of the customer or applicant's request for service. Avista will provide a bill credit to the customer in the amount of \$50.00 if the service takes more than one business day, except for the following instances:
 - a. When construction is required before the service can be energized;
 - b. When the customer does not provide evidence that all required government inspections have been satisfied;
 - c. When required payments to the Company have not been received; or
 - d. The service has been disconnected for nonpayment or theft/diversion of service.
4. The Company will provide a cost estimate to the customer or applicant for new electric or natural gas supply within 10 business days upon receipt of the necessary information from the

customer or applicant. Avista will provide a bill credit to the customer in the amount of \$50.00 if the cost estimate takes more than 10 business days.

5. The Company will respond to most billing inquiries at the time of the initial contact, and for those inquiries that require further investigation, Avista will investigate and respond to the customer within 10 business days. Avista will provide a bill credit to the customer in the amount of \$50.00 if the response to the customer exceeds 10 business days.
6. The Company will investigate customer-reported problems with a meter, or conduct a meter test, and report the results to the customer within 20 business days. Avista will provide a bill credit to the customer in the amount of \$50.00 if the report to the customer exceeds 20 business days.
7. The Company will provide notification to the customer at least 24 hours in advance of disconnecting service for scheduled interruptions. Avista will provide a bill credit to the customer in the amount of \$50.00 in the event it has failed to provide notification through means normally used by the Company, except for the following instances:
 - a. When the interruption is a momentary interruption of less than five minutes in duration;
 - b. When the safety of the public or Company personnel or the imminent failure of Company equipment is a factor leading to the interruption; or
 - c. When the interruption is associated with work on a meter.

PROPOSED IMPLEMENTATION TIMELINE AND REPORTING

The proposed effective date of the new tariff Schedules 85 and 185 is July 1, 2015, as agreed in the Settlement Stipulation, and ordered by the Commission in Dockets No. UE-140188 and UG-140189 (Consolidated). The Company proposes to begin tracking and reporting results of the program to the Commission and its customers, as follows:

1. Avista will report the annual results of its Service Quality Measures Program as part of its Annual Electric Service Reliability Report, filed with the Commission per WAC 480-100-398, on or before April 30th of each year for the prior calendar year.
2. The initial effective period for implementation of the Customer Service Measures and Electric System Reliability will be the calendar year 2015, with results to be reported to the Commission on or before April 30, 2016. Thereafter, the report will be filed annually on or before April 30 for the preceding year.
3. The initial implementation date for the Company's Customer Service Guarantees will be January 1, 2016, allowing time for the Company to implement and refine tracking systems and bill-credit procedures associated with the Guarantees.

4. The Company's initial report of the results of its Customer Service Guarantees, for the calendar year 2016, will be filed with the Commission on or before April 30, 2017. Thereafter, the report will be filed annually on or before April 30 for the preceding year.

In addition, within 90 days of filing its Annual Electric Service Reliability Report, the Company will send a report card to its customers, summarizing its prior-year performance under its Service Quality Measures Program. The Company will work with the Parties on the template to be used for the Report Card, which will include the following information:

1. Results for each of the Company's Customer Service Quality Measures, compared with the respective performance benchmarks;
2. Report of the Company's Electric System Reliability;
3. Results for each of the Customer Service Guarantees, compared with the respective benchmarks, and including the number of events for each measure where a customer bill credit was provided, and the total dollar amount of the credits paid for each measure; and
4. Performance highlights for the year.

The Company will provide a draft copy of the report card to Commission Staff and Public Counsel, providing a meaningful opportunity to review and comment, and will issue its first report card to customers on or before July 31, 2016.

APPLICATION OF PENALTIES

Though some of the parties expressed an interest in establishing a framework for the application of financial penalties to certain measures under the Company's Program, the Parties could not agree on the application of penalties for the Company. Individual parties reserve the right in future proceedings to advocate for or propose a mechanism to apply financial penalties to Avista's performance under this Program.

CONCLUSION

The purpose of the Program is to ensure the Company is maintaining its service level to its customers, as demonstrated by reporting results of the Program to the Commission and its customers each year. Accordingly, Avista requests that the Commission issue an Order approving the Program and associated tariffs.

Please direct any questions on this matter to Larry La Bolle at (509) 495-4710 or larry.labolle@avistacorp.com, or myself at (509) 495-4975 or linda.gervais@avistacorp.com.

Sincerely,

/s/Linda Gervais

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