

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DOCKET NO. UE-08 _____

DOCKET NO. UG-08 _____

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 Transmission and Distribution Operations 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 Business Management from Washington State University and a Master's Degree in Organizational Leadership from Gonzaga University. Over the past 29 years I have spent approximately 16 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. More recently, I 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. I serve on several boards, including the Eastern Washington University Electrical Engineering and Computer Science Advisory Board, Washington State Electrical Board, and the Washington State University Engineering Advisory Board.

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

2 A. I will provide an overview of the Company's natural gas and electric 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	<u>Description</u>	<u>Page</u>
8	I. Introduction	1
9	II. Overview of Avista's Energy Delivery Operations	2
10	III. System Improvements & Efficiencies	4
11	IV. Customer Support Programs	5
12		

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

14 A. Yes. I am sponsoring Exhibit No. ____ (DFK-2). This exhibit details the system
15 improvements and efficiencies the Company has undertaken. This exhibit was prepared under my
16 direction.

17

18 **II. OVERVIEW OF AVISTA'S ENERGY DELIVERY OPERATIONS**

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

21 A. As of December 31, 2007, the Company served 231,300 electric customers and
22 143,559 natural gas customers in twelve counties of eastern Washington. Avista's largest
23 electric customer in Washington is the Inland Empire Paper facility in the Spokane Valley. The
24 Company anticipates residential and commercial electric load growth to average 2.3 percent

1 annually for the next twenty years, primarily due to expected increases in both population and the
2 number of businesses in its service territory. While the number of electric customers is expected
3 to increase, the average annual use per customer is not expected to change significantly. Natural
4 gas retail load growth is expected to average just over two percent annually over the next twenty
5 years in Avista's Washington service territory, with an annual two percent overall growth in
6 customer base.

7 **Q. Please describe the Company's electric and natural gas delivery facilities.**

8 A. Avista Utilities operates a vertically-integrated electric system. In addition to the
9 hydroelectric and thermal generating resources described by Company witness Mr. Vermillion,
10 the Company has approximately 8,011 miles of conductor in the following classes in
11 Washington: 215 miles of 230 kV transmission, 924 miles of 115 kV transmission, and 6,868
12 miles of distribution line at a variety of voltages. The predominant distribution voltage is 13.2
13 kV. Avista owns and maintains a total of 3,348 miles of natural gas distribution lines in the state
14 of Washington, and is served off of the Williams Northwest and Gas Transmission Northwest
15 (GTN) pipelines. A map showing the Company's electric and natural gas service area in
16 Washington is provided by Company witness Mr. Morris at page 2 of Exhibit No. ___(SLM-2).

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

19 A. The Company has construction offices in Spokane, Colville, Chewelah, Othello,
20 Ritzville, Pullman, Clarkston, Deer Park, and Davenport. Avista's four customer contact centers
21 in Spokane, Washington, Coeur d'Alene and, Lewiston, Idaho, and Medford, Oregon are

1 networked, allowing the full pool of regular and part-time employees to respond to customer
2 calls in all jurisdictions.

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

5 A. Avista Utilities utilizes Company seasonal and regular crews for gas and electric
6 construction, including new and reconstructed lines, damage repair, and connecting new
7 customers. The Company employs contract crews and temporary and part-time employees to
8 meet customer needs during the peak construction season. The Company also has several
9 maintenance programs to maintain the reliability of our electric and gas infrastructure. On the
10 electric side, this includes underground cable replacement, asset management (including wood
11 pole inspection and replacement), vegetation management, electric transmission line inspection
12 and reconstruction. Regarding natural gas operations, ongoing maintenance focuses on valve and
13 regulator stations, atmospheric corrosion protection, and leak surveys.

14 **III. SYSTEM IMPROVEMENTS AND EFFICIENCIES**

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

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

1 (CARES) program, senior energy outreach, level pay plans, and payment arrangements. Some of
2 these programs will serve to mitigate the impact on customers of the proposed rate increase.

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

5 A. The Company's innovative Energy Efficiency Tariff Rider is celebrating its
6 thirteenth anniversary. The tariff rider, the country's first distribution charge to fund DSM and
7 now replicated in many other states, has provided consistent funding for the delivery of energy
8 efficiency services. Company witness Mr. Folsom will provide more detail about Avista
9 Utilities' energy efficiency services.

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

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

18 The Company, as a result of its last general rate case, increased the LIRAP portion of
19 Schedules 91 and 191 to reflect the overall percentage increase in retail rates. As noted by
20 Company witness Mr. Morris, the Company is proposing to increase funding for LIRAP by the
21 same percentage as the overall electric and natural gas increases proposed in this case. If,

1 however, the percentage increase approved by the Commission is different than as filed, the
2 proposed additional funding for LIRAP would be proportionately adjusted to match.

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

4 A. Project Share is a community-funded program Avista sponsors to provide one-
5 time emergency support to families in the Company's region. Avista customers and shareholders
6 help support the fund with a voluntary contribution that is distributed through local community
7 action agencies to customers in need. Grants are available to those in need without regard to
8 their heating source. Avista Utilities' customers donated \$326,111 on a system basis in 2007, of
9 which \$198,825 was directed to Washington Community Action Agencies. In addition, the
10 Company contributed \$150,000 to Washington customers in 2007.

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

12 A. Yes. Comfort Level Billing helps smooth out the seasonal highs and lows of
13 customers' energy usage and provides the customer the option to pay the same bill amount each
14 month of the year. This allows customers to more easily budget for energy bills and avoid higher
15 winter bills. This program has been well-received by participating customers. Over 41,465, or
16 16%, of Washington electric and natural gas customers are on Comfort Level Billing.

17 In addition, the Company's Contact Center Representatives work with customers to set
18 up payment arrangements to pay energy bills. In 2007, 56,653 Washington customers were
19 provided with over 194,811 such payment arrangements.

20
21 **Q. Please summarize Avista's CARES program.**

1 A. In Washington, Avista is currently working with over 3,544 special needs
2 customers in the CARES program. Specially-trained representatives provide referrals to area
3 agencies and churches for customers with special needs for help with housing, utilities, medical
4 assistance, etc.

5 **Q. How does Avista address special needs of its elderly customer population?**

6 A. As part of its Low Income Rate Assistance Program, Avista has created a Senior
7 Energy Outreach Program that is designed to assist senior customers (age 60 or above).
8 Company representatives have found that the senior population in need may be less inclined to
9 seek assistance. This program, administered by the Company's CARES representatives in
10 partnership with participating LIRAP agencies, provides a maximum grant of \$300 to eligible
11 seniors through a simplified certification process.

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

13 A. Yes. Through these programs, the Company works to build lasting ways to ease
14 the burden of energy costs for customers most in need.

15 In the 2006/2007 heating season, 19,707 Washington customers received \$7,465,798 in
16 various forms of energy assistance (Avista LIRAP, Federal LIHEAP program, Project Share, and
17 local community funds). These programs and the partnerships we have formed have been
18 invaluable to customers who often have nowhere else to go for help.

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

20 A. Yes