



# Avista Utilities 2018 Washington Service Quality Measures Program Report



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## I. Introduction

Avista's Service Quality Measures Program was the result of a settlement agreement in Docket Nos. UE-140188 and UG-140189, through which the Company agreed to meet with the Commission's regulatory staff (Staff) and other interested parties to develop and implement appropriate service quality metrics, customer guarantees and reporting. In early 2015, Avista collaborated with representatives from Commission Staff<sup>1</sup>, the Public Counsel



Unit of the Washington Office of the Attorney General (Public Counsel) and The Energy Project (collectively, the "Parties") to develop the recommended set of service quality measures to be reported to the Commission and Avista's customers each year. Through the course of numerous discussions, Avista and the Parties agreed on a set of service measures and accompanying benchmarks and reporting requirements that, taken together, provide an overall assessment of the quality of the Company's service to its customers. Referred to collectively as Avista's "Service Quality Measures Program," and approved by the Commission on June 25, 2015 with associated tariff Schedule 85 for electric service and Schedule 185 for natural gas service, these measures include:

- ✓ Six (6) individual measures of the level of customer service and satisfaction that the Company must achieve each year<sup>2</sup>;
- ✓ Reporting on two (2) measures of electric system reliability;
- ✓ Seven (7) individual service standards where Avista provides customers a payment or bill credit in the event the Company does not deliver the required service level (Customer Service Guarantees).

Under the agreement, the Company also reports to its customers and the Commission annually on its prior-year performance in meeting these customer service quality and reporting requirements. Avista is currently reporting on the 2018 results of its Service Quality Measures Program, and the following summarizes Avista's annual results, followed by a more in-depth explanation of the measures themselves and associated annual outcomes.

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<sup>1</sup> Comprised of staff from the UTC's regulatory services, policy, and consumer protection sections assembled to evaluate the complexities of reliability.

<sup>2</sup> Five individual customer service measures exist within each of Avista's approved tariff schedules; the fifth benchmark differs in its requirements between electric and natural gas service, resulting in six separate measures altogether.

## II. Executive Summary

In compliance with Order 06, in Docket Nos. UE-140188 and UG-140189 (*consolidated*), Avista’s 2018 Washington Service Quality Measures Program Report provides the annual performance results for the Company’s Service Quality Measures (SQM) Program for 2018. These measures are designed to show how customer-focused operations are performing and to what degree. During its 2018 Service Quality Measures Program year, Avista is pleased to report that the Company has exceeded all Customer Service Measure benchmarks, even improving upon its 2017 results for 4 of the 6 measures. Among several improvements in service for 2018 was a significant increase in customer satisfaction, based on both customer survey results as well as a decrease in the number of Commission complaints filed. Additionally, there was a substantial increase in overall electric system reliability, with decreases seen in both the average occurrence of outages per customer, per year (not related to a major storm event) and the average duration of such outages. As a result of these changes, our five-year average value for duration of service outages decreased by 2 minutes, as opposed to the nine minute increase seen in 2017. Finally, Avista met 99.48% of its applicable Customer Service Guarantee commitments, providing customers a guarantee credit in just 319 out of 61,294 applicable cases.

### Customer Service Measures - Results for 2018

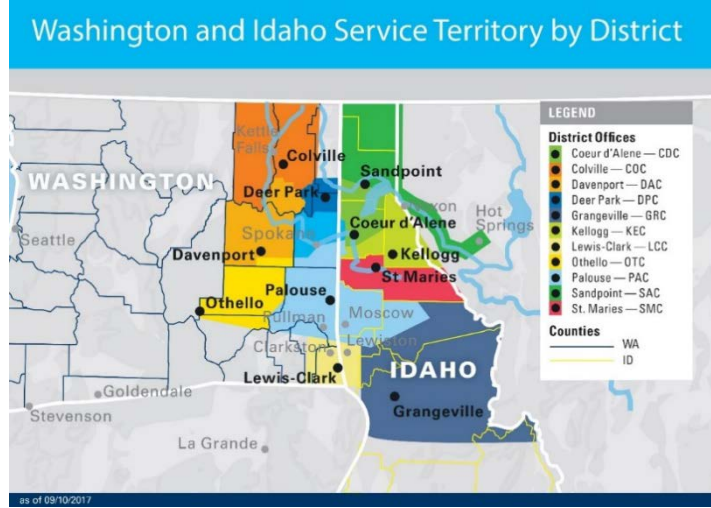
Listed in Table No. 1 below are the six customer service measures, including their respective service requirements (benchmarks), and the Company’s performance results in meeting them for 2018. Avista achieved all of its customer service benchmarks for the year.

*Table No. 1 – 2018 Results for Avista’s Customer Service Measures*

Customer Service Measures	Benchmark	2018 Performance	Achieved
Percent of customers satisfied with our Contact Center services, based on survey results	At least 90%	96%	✓
Percent of customers satisfied with field services, based on survey results	At least 90%	97%	✓
Number of complaints to the WUTC per 1,000 customers, per year	Less than 0.40	0.11	✓
Percent of calls answered live within 60 seconds by our Contact Center	At least 80%	81.5%	✓
Average time from customer call to arrival of field technicians in response to electric system emergencies, per year	No more than 80 minutes	39.9 minutes	✓
Average time from customer call to arrival of field technicians in response to natural gas system emergencies, per year	No more than 55 minutes	42 minutes	✓

## Electric System Reliability - Results for 2018

Table Nos. 2 and 3 below list the two measures of electric system reliability to be reported by Avista each year as part of its SQM Program. Because the annual electric reliability results often vary substantially year-to-year (the case for any electric utility’s system), it is difficult to derive a meaningful assessment of the Company’s system reliability from any single-year’s result. Consequently, in addition to reporting the current-year



result for each measure, Avista also reports the average value of each measure for the previous five year period, the average for the current five-year period (which includes the results for the current year - 2018), and the “five-year rolling average” from 2005 – 2018. This data provides some context for better interpreting each year’s reliability results.

Table No. 2 – 2018 Results for Number of Outages on Avista’s System (SAIFI)<sup>3</sup>

Number of Outages	2018 System Results	Current 5-Year Average (2014-2018)	Previous 5-Year Average (2013-2017)
Average number of sustained outages (interruptions) per customer for the year (SAIFI) <sup>4</sup>	0.81 Per Customer	1.01 Per Customer	1.05 Per Customer

Table No. 3 – Results for Duration of Outages on Avista’s System in 2018 (SAIDI)

Outage Duration	2018 System Results	Current 5-Year Average (2014-2018)	Previous 5-Year Average (2013-2017)
Average duration of sustained outages (interruptions) per customer for the year. (SAIDI) <sup>5</sup>	126 Minutes	149 Minutes	151 Minutes

<sup>3</sup> For a more-detailed definition of these reliability measures please refer to Avista’s Electric Service Reliability Report – Appendix B

<sup>4</sup> See Electric Service Reliability Report – Appendix A for calculation of indices.

<sup>5</sup> See Electric Service Reliability Report – Appendix A for calculation of indices



Figure Nos. 1 and 2 below show the “five-year rolling average” for each reliability measure from 2005 through 2018. As shown in the figures, the long-term trend for each reliability measure is fairly stable during this period. The trend in number of outages is slightly declining, while that for outage duration is variable but steady, showing an overall trend toward improved system reliability. Though the Company formally reports its

reliability results for its entire electric system in its Electric Service Reliability Report, Avista agreed to track and report its Washington-specific annual results as part of the SQM Program. The Washington-only number of average electric system outages per customer in 2018 was 0.79, and the average total outage duration per customer was 115 minutes, both of which are below the system-wide results of 0.81 outages and 126 minutes, respectively.

*Figure No. 1 – Historic Five-Year Rolling Average for Number of Electric Outages on Avista’s Electric System (SAIFI)*

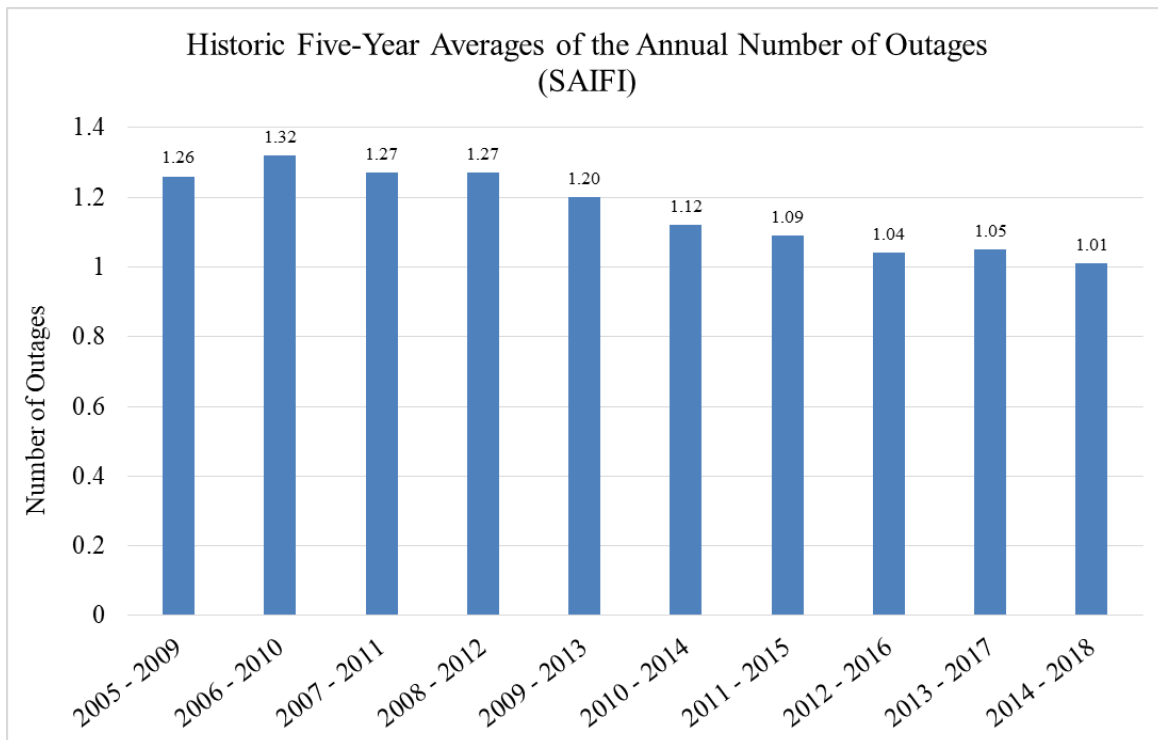
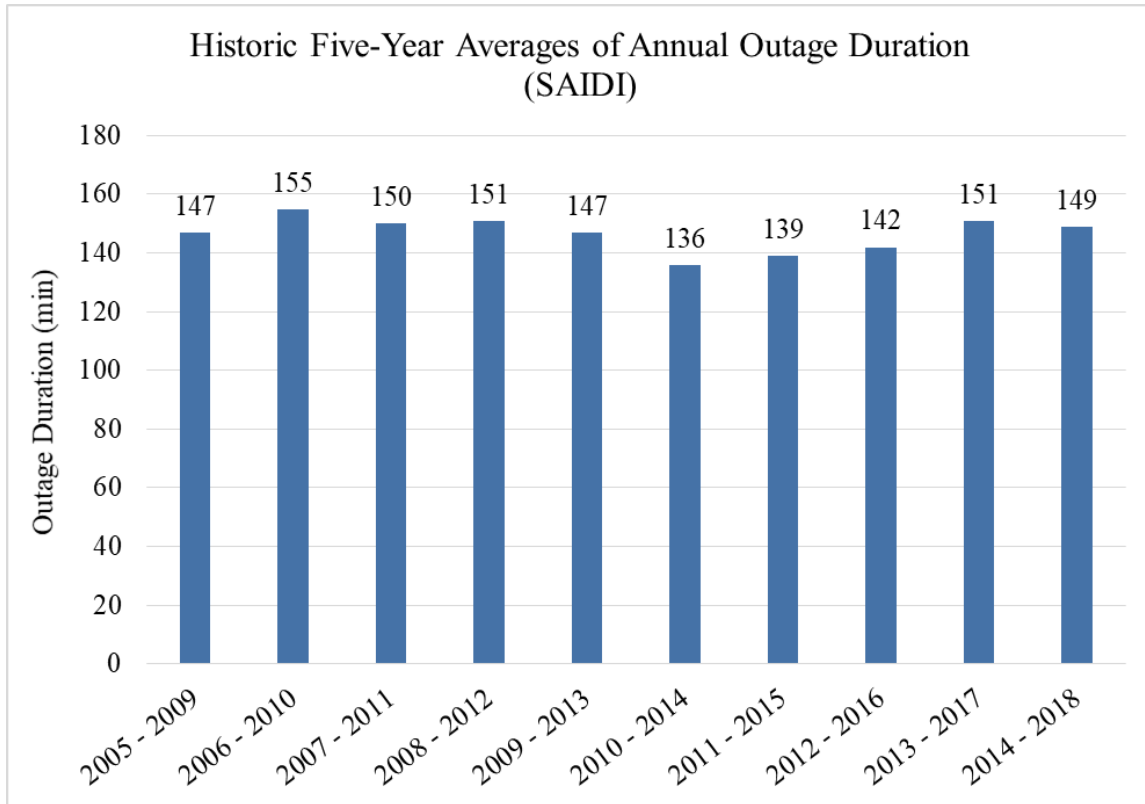


Figure No. 2 – Historic Five-Year Rolling Average for Duration of Outages on Avista’s Electric System (SAIDI)



### Customer Service Guarantees – Results for 2018

Listed in Table No. 4 below are the seven types of service for which we provide Customer Service Guarantees (Guarantees), and the Company’s performance results in meeting these Guarantees in 2018. In the event that the Company fails to meet a Customer Service Guarantee, Avista provides the customer or applicant a bill credit or payment in the amount of \$50 in recognition of the inconvenience.



All costs associated with the payment of Customer Service Guarantees are paid by the Company’s shareholders, and are not paid by our customers in their rates for service or otherwise.

Table No. 4 – 2018 Results for Avista’s Customer Service Guarantees

Customer Service Guarantee	Successful	Missed	\$ Paid
Keeping Our Electric and Natural Gas Service Appointments scheduled with our customers	2,216	5	\$250
Restore service within 24 hours of a customer reporting an outage (excluding major storm events)	4,661	11	\$550
Turn on power within a business day of receiving the request	7,997	1	\$50
Provide a cost estimate for new electric or natural gas service within 10 business days of receiving the request	2,356	0	\$0
Investigate and respond to a billing inquiry within 10 business days if unable to answer a question on first contact	990	1	\$50
Investigate a reported meter problem or conduct a meter test and report the results within 20 business days	741	3	\$150
Notify customers at least 24 hours in advance of a planned power outage lasting longer than 5 minutes	42,014	298	\$14,900
<b>Totals</b>	<b>60,975</b>	<b>319</b>	<b>\$15,950</b>



### III. Customer Service Measures

There are many points of service customers may have with Avista, and each contributes to the overall impression of the Company and the level of satisfaction associated with our services. While Avista has tracked its customers' satisfaction with primary services such as customer contact center and field services for many years, the Company has also been interested in knowing whether its performance is meeting customers' broader service expectations. To accommodate this interest, Avista's Voice of the Customer survey asks customers to rate their level of satisfaction with the overall service they receive from the Company. This overall measure is believed to be an important barometer of our customers' satisfaction with the entirety of the integrated services and value they receive from Avista. As show in Figure No. 3 below, the overall satisfaction of Avista's customers (either satisfied or very satisfied) has ranged between 93% and 97% over the past ten years.

*Figure No. 3 – Percent of Customers Satisfied or Very Satisfied with Avista's Overall Service Level 2008-2018*



These results are similar to our customers' satisfaction with our contact center and field services, as reported for the SQM Program for this same time period. Accordingly, we believe the results of the six customer service measures described in the following sections, taken together, provide a reasonable assessment of our customers' overall satisfaction with the quality and value of our service.



## **Measure 1: Customer Satisfaction with the Telephone Service provided by Avista's Customer Service Representatives**

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*As part of Avista's Service Quality Measures program, the level of our customers' satisfaction with the telephone service provided by the Company's contact center will meet or exceed a benchmark of 90%.<sup>6</sup>*

Several factors influence our customers' satisfaction with the quality of telephone service provided by our customer service representatives and contact center. We measure the importance of these factors to customers as well as their satisfaction with them each year. These factors, including our customers' satisfaction (either satisfied or very satisfied) for each factor in 2018 are listed below.

- ✓ The customer service representative handling the customer's call in a friendly, caring manner. **(97%)**
- ✓ The customer service representative being informed and knowledgeable. **(97%)**
- ✓ The customer service representative meeting the customer's needs promptly. **(96%)**
- ✓ The customer service representative giving the customer all the information they need in one call. **(95%)**
- ✓ Being connected to a customer service representative in a reasonable amount of time. **(94%)**

**2018 Results** – The annual survey results for this measure of customer satisfaction show that 96% percent of our customers were satisfied with the quality of the telephone service

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<sup>6</sup> The level of Customer satisfaction with telephone service, as provided by the Company's 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;
- b. The measure of satisfaction is based on Customers participating in the survey who report the level of their 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 possible, will also be reported for Washington customers only.

they received from our customer service representatives. Overall, 85% of our customers were “very satisfied” and 11% were “satisfied” with the quality of our service.

*Table No. 5 – Customer Satisfaction with Avista’s Contact Center Representatives in 2018*

Customer Satisfaction with Avista’s Contact Center Representatives	Service Quality	2018 Performance	Achieved
Percent of customers either satisfied or very satisfied with the Quality of Avista’s Customer Contact Center Representatives	90% or Greater Satisfied	96%	✓

Prior to the development of the Service Quality Measures Program, Avista did not separately track or report results for any of our state jurisdictions, and for reporting our annual service quality performance under this program the Company will continue to use its system-wide results. We will, however, separately track and report the results for this measure for our Washington customers only. For 2018, the percent of Washington customers satisfied or very satisfied with the Company’s customer service representatives and contact center was 96%, up from 93% as reported during the 2017 program year.



## **Measure 2: Customer Satisfaction with Avista’s Field Service Representatives**

*As part of Avista’s Service Quality Measures program, the level of our customers’ satisfaction with the Company’s field services will meet or exceed a benchmark of 90%.<sup>7</sup>*

The quality of our field services and the satisfaction of our customers is influenced by several factors. Each year we measure the importance of these factors to our customers and

<sup>7</sup> The level of Customer satisfaction with the Company’s field services will be at least 90 percent, where:

- 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;
- The measure of satisfaction is based on Customers participating in the survey who report the level of their satisfaction as either “satisfied” or “very satisfied”; and
- 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 possible, will also be reported for Washington customers only.

their satisfaction with each aspect of our service. These factors, including our customers' level of satisfaction (either satisfied or very satisfied) with each factor in 2018, are listed below.

- ✓ The service representative keeping you informed of the status of your job. **(93%)**
- ✓ The service representative or service crew being courteous and respectful. **(99%)**
- ✓ The service representative or service crew being informed and knowledgeable. **(98%)**
- ✓ The service representative or service crew leaving your property in the condition they found it. **(97%)**
- ✓ The service work being completed according to the customer's expectations. **(96%)**
- ✓ The overall quality of the work performed by Avista Utilities. **(98%)**

**2018 Results** – The annual survey results for this measure, as reported in Table No. 6 below, show that 97% percent of our customers were satisfied with the service provided by Avista's field service representatives. Overall, 89% of our customers were "very satisfied" and 8% were "satisfied" with the quality of our field services.

*Table No. 6 – Customer Satisfaction with Avista's Field Services Representatives in 2018*

Customer Satisfaction with Avista's Field Services Representatives	Service Quality	2018 Performance	Achieved
Percent of customers either satisfied or very satisfied with the Quality of Avista's Field Service Representatives	90% or Greater Satisfied	97%	✓

As with its contact center customer satisfaction, Avista did not separately track or report results for any of our state jurisdictions prior to the development of the SQM Program, and will continue to use its system-wide results when reporting our annual service quality performance under this program. We will, however, separately track and report the results for this measure for our Washington customers. For 2018, the percent of Washington customers satisfied or very satisfied with the Company's field service representatives was 97%, an increase from the 95.2% reported during the 2017 program year.



### Measure 3: Customer Complaints made to the Commission

*As part of Avista’s Service Quality Measures program, the number of complaints filed by our customers with the Commission will not exceed a ratio of 0.4 complaints per 1,000 customers.<sup>8</sup>*

When our customers are unhappy with any aspect of the service they receive from Avista, and the Company is made aware of the issue, our intent is work with the customer to quickly and fairly resolve the issue to their satisfaction. Though we are successful in resolving the majority of these customer issues, there are some that cannot be favorably resolved and result in the customer filing a formal complaint with the Commission. In addition to complaints arising in this manner, there are also instances where a customer files a complaint without having first notified the Company of their issue or concern. While past experience has shown that the Commission ultimately finds in the great majority of these complaints that the Company has acted properly, Avista agrees that the number of complaints filed does provide one indicator of the level of dissatisfaction our customers may have with our service.

**2018 Results** – Our Washington customers filed a total of 47 complaints with the Commission in 2018, a decrease of 20 complaints from the 67 complaints filed in 2017. The predominant areas of concern are related to credit and collections and billing matters, just as in years past. Avista’s customer count as defined for this measure was 431,083. The resulting fraction of complaints ( $47 \div 431,083$ ) was 0.0001090, and the number of complaints per 1,000 customers ( $0.0001090 \times 1,000$ ) was 0.11 (rounded up), as noted in Table No. 7 below.

*Table No. 7 – Percent of Avista’s Customers Who Filed a Commission Complaint in 2018*

Percent of Avista’s Customers Who Filed a Commission Complaint	Service Quality	2018 Performance	Achieved
Number of Avista’s customers who file a complaint with the Commission (number of complaints per 1,000 customers)	Ratio of 0.4 or Lower	0.11	✓

<sup>8</sup> The ratio is calculated by dividing the sum of all electric and natural gas customer complaints filed with the Commission by the average monthly number of Avista customers for the year. The rate is calculated by multiplying the percentage by 1,000.



#### **Measure 4: Answering Our Customers' Calls Promptly**

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*As part of Avista's Service Quality Measures program, the percentage of customer calls answered live by a customer service representative within 60 seconds will average 80% or greater.<sup>9</sup>*

This particular customer service measure is one of the subset of service attributes that contribute to the customer's overall satisfaction with our service representatives and contact center. Often referred to as the "Grade of Service" or "GOS", this measure is the average percentage of customer calls to our contact center that are answered live by a customer service representative within 60 seconds for those customers who wish to speak with a service representative. When a customer calls Avista's contact center, their call is initially received by our automated (voice activated) phone system. The customer is presented the option of using the phone system for self-service (e.g. to check their account balance or pay their bill, etc.) or to speak with a customer service representative live to meet their service need. Avista's response time in answering the customer's call is the time that elapses between the customer's request to speak to a representative and when their call is answered live by a representative.

For many years Avista has maintained a service benchmark of 80% or greater, even though some utilities and businesses have established a higher GOS (e.g. 90% or a goal of answering calls within 30 seconds). Because it requires an increased level of staffing and cost to customers to achieve a higher service level, Avista has focused on lower cost/no cost measures, such as effective employee training and coaching to achieve superior standards for attributes such as courtesy, caring, knowledge, and proficiency, to maintain our very-high level of overall customer satisfaction with our service representatives and contact center.

In addition to responding to customers effectively, Avista has implemented measures to help reduce the overall volume of customer calls, which helps reduce the cost of service paid by our customers. These efforts include providing customers a way to communicate

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<sup>9</sup> The percentage of Customer calls answered by a live representative within 60 seconds will average at least 80 percent for the calendar year, where:

- a. The measure of response time is based on results from 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.

with the Company using their preferred “channel” of communication, such as e-mail, customer self-service via website, or the automated phone system. In addition to providing numerous communication channels, the Company has focused on enhancing customer self-service options as discussed above. These efforts not only help reduce the volume of calls to our contact center and maintain a high level of service at lower cost, but also improve customer experience and satisfaction.

**2018 Results** – Avista’s customers made a total of 661,976 qualifying calls to the Company that were answered live by a customer service representative in 2018. Of these calls, 539,510 were answered live in 60 seconds or less, for a score of 81.5%, as shown in Table No. 8 below.

*Table No. 8 – Percent of Avista’s Customer Calls Answered Live within 60 Seconds in 2018*

Percent of Avista’s Customer Calls Answered Live Within 60 Seconds	Service Quality	2018 Performance	Achieved
Percent of Avista’s customer calls answered live by a customer service representative within 60 seconds	80% or Greater	81.5%	✓



**Measure 5: Avista’s Response Time for Electric Emergencies**

*As part of Avista’s Service Quality Measures program, the average response time to an electric system emergency will not exceed 80 minutes for the year.<sup>10</sup>*

<sup>10</sup> 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;
- b. “Electric system emergency” is defined as an event when police / fire services are standing by, or arcing/flashing wires down (unspecified location, pole to house, or pole to pole), or for feeder lockout; 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” (or “MED”), as defined by the Institute of Electrical and Electronics Engineers, and which includes the 24 hour period following the Major Event Day.

When customers call Avista to report an electric emergency, the Company works with the customer to quickly ascertain the particular circumstances being reported, and instructs the customer on how best to ensure the safety of themselves and that of others until help arrives. We immediately begin the dispatch of service personnel best situated to respond in the shortest time possible. Once at the scene, Avista’s first priority is to make the situation safe for our customers, citizens, other emergency responders, and our employees. Restoration of the problem can begin once the safety of the site is secured and needed resources arrive at the scene. The Company’s ability to respond quickly to an electrical emergency is influenced by many factors, some of which include the urban or rural locale, the location of the nearest available respondent (especially in rural areas), the time of day, season of the year, weather conditions, traffic, and the presence of other simultaneous emergency events across the system. For this measure, the response time to an electric emergency is the elapsed time between the confirmation of the emergency with the customer (when the dispatch field order is given) and when the Avista service person arrives at the scene.

**2018 Results** – The average response time for the year is calculated by dividing the sum of all applicable electric emergency response times by the total number of qualifying electric emergency incidents. Avista received 413 qualifying electric emergency reports in 2018, which had a cumulative response time of 16,473 minutes. The resulting average for 2018 was 39.9 minutes, as noted in Table No. 9 below.

*Table No. 9 – Avista’s Response Time for Electric Emergencies in 2018*

Avista’s Response Time for Electric Emergencies	Service Quality	2018 Performance	Achieved
Average time from customer call to the arrival of Avista’s field technicians in response to electric system emergencies	80 Minutes or Less	39.9 Minutes	✓





### **Measure 6: Avista’s Response Time for Natural Gas Emergencies**

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*As part of Avista’s Service Quality Measures program, the average response time to a natural gas system emergency will not exceed 55 minutes for the year.<sup>11</sup>*

When customers call Avista to report a natural gas emergency, the Company works with the customer to quickly ascertain whether the presence of natural gas (via odor or some other characteristic) is likely coming from inside the customer’s home or business or from facilities located outside. If inside, the customer is instructed to immediately evacuate the building to a safe distance and await the arrival of emergency responders. If the leak is in facilities outside, instructions to the customer are based on the proximity and type of the leak to their (or others’) home or business. Once the nature of the issue has been determined and the customer has been given precautionary instructions on how best to ensure their own safety and that of others until help arrives, the Company immediately begins the dispatch of service personnel best situated to respond at the scene in the shortest time possible. At the scene, Avista’s first priority is to make the situation safe for our customers, citizens, other emergency responders, and our employees. Restoration of the problem can begin once the safety of the site is secured and needed resources arrive at the scene.

The Company’s ability to respond quickly to a natural gas emergency is influenced by many factors, some of which include the urban or rural locale, the location of the nearest available respondent (especially in rural areas), the time of day, season of the year, weather conditions, traffic, and the presence of other simultaneous emergency events across the system. Natural gas emergencies differ from electric emergencies, however, in that the risk of a potential consequence to a natural gas leak can increase with the passage of time as leaking natural gas may accumulate at the site. For this reason, Avista’s work practices and staffing levels aim to provide an average response time of 55 minutes or less. For this measure, the response time to a natural gas emergency is the elapsed time between the

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<sup>11</sup> The Company’s average response time to a natural gas system emergency in Washington will not exceed 55 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; and
- b. “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 gas 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.

confirmation of the emergency with the customer (when the dispatch field order is given) and when the Avista service person arrives at the scene.

**2018 Results** – The average response time for the year is calculated by dividing the sum of all applicable natural gas emergency response times by the total number of qualifying emergency incidents. Avista received 3,997 qualifying emergency reports in its Washington service area in 2018, which had a cumulative response time of 167,874 minutes. The resulting average for 2018 was 42 minutes as noted in Table No. 10 below, an improvement from the 50.29 minutes reported in 2017.

*Table No. 10 – Avista’s Response Time for Natural Gas Emergencies in 2018*

Avista’s Response Time for Natural Gas Emergencies	Service Quality	2018 Performance	Achieved
Average time from customer call to the arrival of Avista’s field technicians in response to natural gas system emergencies	55 Minutes or Less	42 Minutes	✓

## IV. Electric System Reliability

Providing safe and highly-reliable electric service for our customers at a reasonable cost is fundamental to our business. We believe our current level of reliability is reasonable, acceptable and cost effective for our customers, and our long-term objective is to generally uphold our current levels of electric system reliability. Achieving this requires an ongoing effort to balance the many investment and other priority needs across our system for today and with implications that project far into the future. As already explained, we monitor and track various aspects of the reliability performance of our system each year, relying on industry-standard measures (or indices). Two of the most-commonly reported measures are very-briefly described below, and are discussed in greater detail in Appendix A to Avista’s Electric Service Reliability Report. For its Service Quality Measures Program, Avista reports its annual reliability results in the context of its historic five-year rolling average for these two measures:

- ✓ **Number of Outages** – known technically as the System Average Interruption Frequency Index or “SAIFI,” is the average number of sustained interruptions (outages) per customer for the year.
- ✓ **Outage Duration** – known technically as the System Average Interruption Duration Index or “SAIDI,” is the average duration of sustained interruptions (outages) per customer for the year.

Many factors influence the number and duration of outages on any electric system. Some of these include the average age of the system, its engineering design, construction standards, general condition, the extent of the system that is rural, terrain, utility equipment and staffing levels, and its day-to-day operation. The type and proximity of surrounding vegetation and local and regional weather patterns, including variability in weather, can have a pronounced impact on system reliability. Because the frequency and duration of the

electric system outages that result from these factors can vary substantially from year to year, there is, naturally, a lot of variability in the annual measures of system reliability over time.

For Avista, weather-related outages tend to have a predominant impact on the reliability of our system. This is because individual weather events often impact large portions of our system and can result in damage to many types of facilities. Weather caused outages, particularly from high winds, ice, and snow can also require substantial effort and time to restore. These storm events can result in many customers without service for an extended period of time. Because the impact of weather events on system reliability is common to all electric systems, the industry has adopted standardized adjustments that remove outages related to weather events of a certain magnitude from the calculation of results for outage frequency and duration. This threshold level of severity is referred to as a Major Event Day or (“MED”). The outages caused by any storm event that qualifies as a MED are removed from the data used to calculate the utility’s annual reliability results. For Avista, the impact of these major storm events is clearly evident in the substantial system outages caused by windstorms in the late summer of 2014, and the very significant wind storm event of November 2015. By contrast, in 2016, the Company did not experience any storm events that constituted major event days, and we experienced a fairly-limited number of major events in 2017 and 2018. Although the year-to-year variability in outage duration is substantially reduced by the adjustment for major events, there can still be a substantial weather impact on the reliability results we report each year. This is the result of storms that, while not qualifying as major events, still result in substantial system outages.

The important point of this discussion is that the reliability results for any single year, considered in isolation, do not provide a meaningful measure of the overall reliability of the utility’s system, or an assessment of whether the performance that year was “acceptable” or “unacceptable.” The reliability performance of our system (or any utility system) should be evaluated over the long term as the basis for evaluating whether our reliability is trending stably, improving, or degrading.<sup>12</sup> Avista has agreed to report its annual reliability results to its customers in the context of its historic five-year rolling average. This approach helps our customers better understand how each year’s reliability results fit into our long-term trend in overall system reliability.

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<sup>12</sup> This is similar to the approach now used by the California Public Utilities Commission to evaluate electric utilities’ system reliability. In: Approaches to Setting Electric Distribution Reliability Standards and Outcomes, pages 130 - 136. The Brattle Group, Ltd. 2012.



## Measure 1: Number of Electric System Outages

*As part of Avista’s Service Quality Measures program, the Company will report its annual electric system reliability measure for the number of non-major storm power outages experienced per customer for the year (SAIFI).<sup>13</sup>*

**2018 Results** – This measure, as noted earlier, represents how often on average an Avista electric customer experienced a sustained<sup>14</sup> service outage during the year. This measure is calculated by summing the total number of customer outages recorded for the year, divided by the total number of customers served by the Company in that year. The 2018 result of 0.81 outages per customer is well below the average value for the previous five-year period (2013-2017) of 1.05, as well as for the current five-year period (2014-2018) of 1.01. For 2018, our Washington-only result was 0.79 outages per customer, which, again, was lower than both the system-wide result as well as our 5-year averages.

*Table No. 11 – Number of Electric System Outages for the Average Avista Customer in 2018*

Number of Electric System Outages for the Average Avista Customer	2018 System Results	Current 5 Year Average (2014-2018)	Change in 5 Year Average
Number of sustained interruptions in electric service for the average Avista customer for the year (SAIFI)	0.81 Per customer	1.01 Per customer	-0.04 Minutes

<sup>13</sup> The Company will report the frequency of electric system interruptions per Customer for the calendar year, where:

- The interruptions are measured as the System Average Interruption Frequency Index (“SAIFI”), as calculated by the IEEE;
- The calculation of SAIFI excludes interruptions associated with any MED;
- 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
- The results will be reported on a system basis for Washington and Idaho and will include the annual SAIFI for Washington only.

<sup>14</sup> Any service interruption that is greater than five minutes in duration.



## Measure 2: Average Duration of Electric System Outages

*As part of Avista’s Service Quality Measures program, the Company will report its annual electric system reliability measure for the total duration of non-major storm power outages experienced per customer for the year (SAIDI).<sup>15</sup>*

**2018 Results** – This measure, as noted earlier, represents the average duration or length of outages for the year. Outage duration (SAIDI) is calculated by summing all of the customer outage time occurring in the year, divided by the total number of customers served by the utility in that year. The 2018 value for outage duration of 126 minutes was notably less than the 183 minute duration reported for 2017, and brought the average value for the current five-year period (2014-2018) down by two minutes, to 149 minutes as shown below in Table No. 12. For 2018 the Washington only value was 115 minutes, which is notably better than our combined system result of 126 minutes.

Table No. 12 – Outage Duration for the Average Avista Customer in 2018

Total Outage Duration for the Average Avista Customer	2018 System Results	Current 5 Year Average (2014-2018)	Change in 5 Year Average
Total duration of all electric service outages for the average Avista customer for the year (SAIDI)	126 Minutes	149 Minutes	-2 Minutes

<sup>15</sup> The Company will report the duration of electric system interruptions per Customer for the calendar year, where:

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



## V. Customer Service Guarantees

Avista’s Service Quality Measures Program includes seven types of service for which Avista provides “customer service guarantees.” Our service commitments under these guarantees recognize the customer inconvenience that may result when our delivered service does not meet our stated goal. In such cases we will provide our customers a bill credit or payment in the amount of \$50 in recognition of that inconvenience. All costs associated with the payment of customer service guarantees are paid by the Avista’s shareholders, and are not paid by our customers, or included in the rates they pay for service.

The Company is pleased to report that in the third year of this program we met 99.48% of our applicable service commitments, providing our customers a guarantee credit in just 319 out of 61,294 cases.

### **Guarantee 1: Keeping Our Electric and Natural Gas Service Appointments**

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*The Company will keep mutually agreed upon appointments for electric or natural gas service, scheduled in the time windows of either 8:00 a.m. – 12:00 p.m. or 12:00 p.m. – 5:00 p.m.<sup>16</sup>*

Avista provides its customers with appointments for certain types of electric and natural gas service requests. For electric service, the Company will schedule appointments for service drops or disconnects. For all other electric service work, the customer does not need to be present for the Company to perform the required work (i.e., check meter, meter test, voltage check...). For natural gas service, the Company provides appointments for dealer-requested service, meter exchange and tests, meter unlock, no heat inspections, reconnects, relighting of Avista repairs, and repeated pilot light outages on natural gas appliances. The Company offers more types of natural gas service appointments (than

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<sup>16</sup> Except in 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.

electric service) because the customer must be present for our employees to complete the work as they must enter the customer’s home. If the requested date and/or time of the service request is unavailable, the Company will still accommodate the customer’s request, but will not commit to a specific time that an employee will arrive to work on the service request. Often times this practice results in better customer satisfaction as the Company makes every effort to accommodate a customer’s request on that day, rather than schedule the work on a future date. Finally, new service connects and credit reconnects are not available for appointments as the work orders are completed the same day of the request.

**2018 Results** – In 2018, the Company successfully kept 99.48% of its 2,221 scheduled customer appointments for applicable electric and natural gas service, and paid a guarantee credit in just 5 instances for the year. The primary reason for the missed appointments is emergency work orders that arise during the day and which prevent the Company from meeting its scheduled appointment time. Due to the risks and danger of electric and natural gas emergencies, the Company prioritizes emergency orders over all service work. The result of this necessary prioritization is that the Company will occasionally miss a few appointments, as reflected in the 2018 results.

*Table No. 13 – Avista Service Appointment Results for 2018*

Customer Service Guarantee	Successful	Missed	\$ Paid
Keeping Our Electric and Natural Gas Service Appointments scheduled with our customers	2,216	5	\$250

### **Guarantee 2: Prompt Restoration of Electric System Outage**

*When our Customers experience an electric interruption, the Company will restore the service within 24 hours of notification from the Customer.<sup>17</sup>*

The Company strives to restore power to its customers as quickly as possible, while maintaining the safety of our employees, customers, and the public as our top priority. Electric system outages can be complex and occur all hours of the day and night, and all days of the year. In many years, even in cases where Avista does not experience any storms that qualify as major events, it may still be impossible for us to restore service to all our customers within 24 hours. In other years, by contrast, such as in 2016, we are able to successfully restore service to all of our customers who experienced an outage within this benchmark of 24 hours. In 2018, however, we provided customers a guarantee credit in 11 instances where we were unable to successfully restore service to our customers within the benchmark timeframe.

<sup>17</sup> 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 that is outside the control of the company prevented the Company from restoring supply.

**2018 Results** – In 2018, the Company’s Washington customers experienced 4,672 outage events, 11 of which took longer than 24 hours to get the power restored, resulting in a success rate of 99.76%.

*Table No. 14 – Avista’s Outage Restoration Results for 2018*

Customer Service Guarantee	Successful	Missed	\$ Paid
Restore service within 24 hours of a customer reporting an outage (excluding major storm events)	4,661	11	\$550

### **Guarantee 3: Promptly Switching on Electric Service When Requested**

*The Company will switch on power within one business day of the Customer or Applicant’s request for service.<sup>18</sup>*

When customers request electric service from Avista, they have a reasonable expectation their service will be turned on as quickly as possible, or promptly on a future date they request. The Company strives to meet these customer expectations by all reasonable means. Typically, for electric service the meter is not shut off between customers, so when a customer moves to a new location the service is already on when they open an account for service at the new address. In situations where the service is not already on at a customer location the Company must send an employee to reconnect the meter. With our current deployment of advanced metering in our Washington service area, Avista will soon be able to remotely connect a customer’s electric service within minutes of their request.

**2018 Results** – Avista met its benchmark to turn on our customers’ service in one business day in nearly 100% of cases, missing only one of the 7,998 requests received.

<sup>18</sup> 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.



Table No. 15 – Avista’s Switching on Power within One Business Day for 2018

Customer Service Guarantee	Successful	Missed	\$ Paid
Turn on power within a business day of receiving the request	7,997	1	\$50

**Guarantee 4: Promptly Providing Cost Estimates to Customers for New Service**

*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 all the necessary information from the Customer or Applicant.*

When constructing a new home the process for providing new electric or natural gas supply can be complex, and may involve a customer, contractor, electrician, or dealer depending on the nature of the new service. A request for new electric or natural gas service is typically routed through our customer contact center and is assigned to one of our employee Customer Project Coordinators (CPC) in our natural gas and electric construction areas. Our customer project coordinators are responsible for discussing the request with the customer (applicant), meeting with the customer at the location, designing the service, and then providing the customer a cost estimate for the required construction. The Company’s goal for completing the cost estimate, for which it offers a customer service guarantee, is 10 business days.

**2018 Results** – The Company received 2,356 requests for new electric or natural gas service in 2018 and we successfully provided cost estimates for each within 10 business days of the request, for a success rate of 100%.

Table No. 16 – Avista Providing Customers a Cost Estimate for New Service in 2018

Customer Service Guarantee	Successful	Missed	\$ Paid
Provide a cost estimate for new electric or natural gas service within 10 business days of receiving the request	2,356	0	\$0

**Guarantee 5: Promptly Responding to Customers’ Bill Inquiries**

*The Company will respond to most billing inquiries at the time of the initial contact, and for those inquiries that require further investigation, the company will investigate and respond to the Customer within 10 business days.*

For a customer, it can be difficult to understand why the amount of their energy bill can vary sometimes substantially from month to month. Some of these factors include variability in weather, changes in rates, the result of an estimated bill amount in certain

circumstances, and variation in the number of billing days included in the billing period. When customers have questions about their bill, Avista’s contact center representatives strive to address and resolve all inquiries on the initial customer contact. Some of the tools our employees have to address these bill inquiries (which are generally related to circumstances when customers feel their bill is too high), include:

- ✓ Review the meter read and usage history to see if the bill is in line with the prior months or years;
- ✓ Review the number of billing days for the bill in question compared with the norm;
- ✓ Utilize the Company’s bill analyzer tool, which is also available to customers on Avista’s website, for a comparison of weather, average usage, and rates;
- ✓ Discuss with the customer any life changes, new appliances, or maintenance needs and how those can impact their utility bill;
- ✓ Offer tips on ways to save energy;
- ✓ Direct the customer to Avista’s website for additional energy savings advice; and,
- ✓ Offer to mail Energy Use and Savings Guides or Energy Savings kits.

When the contact center representative is unable to address the billing inquiry on initial contact or the customer is not satisfied with the information provided on their inquiry, the Company will then open a case to further investigate the customer’s inquiry. After a case has been created Avista will verify the meter read or obtain a new meter read to double-check the accuracy of the metered use. If there was a billing error the customer representative will initiate sending a corrected bill. After determining the accuracy of the bill, the customer service representative will then discuss the inquiry again with the customer along with the results of the verification of the meter read or new meter read. Typically, after this process our customer is satisfied with the resolution. In situations where the customer is not satisfied and/or requests a meter test to ensure their meter is reading accurately, it triggers a separate process, which is covered by customer service guarantee number six, Promptly Responding to Customer’s Requests for Meter Testing.

**2018 Results** – Of the billing inquiries that were not resolved upon the initial customer contact, the Company successfully investigated and responded within 10 business days to all but one of the 990 follow-up inquiries in 2018.

*Table No. 17 – Avista Responding to Customer’s Bill Inquiries in 2018*

Customer Service Guarantee	Successful	Missed	\$ Paid
Investigate and respond to a billing inquiry within 10 business days if unable to answer a question on first contact	990	1	\$50

**Guarantee 6: Promptly Responding to Customers’ Requests for Meter Testing**

*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.*

Commission rules govern the utility’s requirement for meter testing,<sup>19</sup> and Avista has naturally complied with these requirements prior to the implementation of its customer service guarantee program. Under the guarantees now in place, the Company will provide a \$50 credit if it fails to meet this requirement.

**2018 Results** – In 2018, 744 of our customers reported a meter problem or requested the Company conduct a meter test. Avista successfully tested and reported the results to all but three of these customers within 20 business days, for a success rate of 99.60%.

*Table No. 18 – Avista Responding to Customers’ Requests for Meter Testing in 2018*

Customer Service Guarantee	Successful	Missed	\$ Paid
Investigate a reported meter problem or conduct a meter test and report the results within 20 business days	741	3	<b>\$150</b>

**Guarantee 7: Providing Customers Advance Notice of Scheduled Electric Interruptions**

*The Company will provide notification to the Customer, through means normally used by the Company, at least 24 hours in advance of disconnecting service for scheduled interruptions.<sup>20</sup>*

Commission rules<sup>21</sup> require the utility to notify customers when it plans to disconnect service on a planned basis, and Avista has naturally complied with this requirement before its customer service guarantees program. Today, the Company will provide a \$50 credit for each customer if it fails to provide the required notification. Complying with this rule has always been a complex process because there are so many areas within the Company involved in the effort. Some of these include natural gas construction, electric operations, customer project coordinators, asset maintenance program managers, distribution dispatch, service dispatch, and the customer contact center. This complexity requires us to maintain multiple checkpoints in our business processes to ensure all customers affected by a scheduled interruption are notified in advance.

**2018 Results** – A total of 42,312 customers were affected by scheduled service interruptions in 2018. Of that total, Avista successfully notified 42,014 customers for a

<sup>19</sup> WAC 480-100-183 and 480-90-183 state that an electric or gas “utility must test and report to the customer the accuracy of a meter within twenty business days after receiving an initial request from a customer.”

<sup>20</sup> 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. The interruption was due to work on a meter.

<sup>21</sup> WAC 480-100-148 requires electric utilities to provide “all customers affected by a scheduled interruption associated with facilities other than meters...notification...at least one day in advance.”

success rate of 99.3%. For the 298 customers who we did not provide our required advance notification, the Company provided a \$50 credit, for a total payment of \$14,900 in credits.

*Table No. 19 – Avista’s Customers Notified in Advance of a Service Interruption in 2018*

Customer Service Guarantee	Successful	Missed	\$ Paid
Notify customers at least 24 hours in advance of a planned power outage lasting longer than 5 minutes	42,014	298	<b>\$14,900</b>

## Appendix A – Service Quality Measures Report Card

2018 Service Quality Measures Report Card			
<b>Customer Service Measures</b>	<b>Benchmark</b>	<b>2018 Performance</b>	<b>Achieved</b>
Percent of customers satisfied with our Contact Center services, based on survey results	At least 90%	96%	✓
Percent of customers satisfied with field services, based on survey results	At least 90%	97%	✓
Number of complaints to the WUTC per 1,000 customers, per year	Less than 0.40	0.11	✓
Percent of calls answered live within 60 seconds by our Contact Center	At least 80%	81.5%	✓
Average time from customer call to arrival of field technicians in response to electric system emergencies, per year	No more than <b>80 minutes</b>	39.9 Minutes	✓
Average time from customer call to arrival of field technicians in response to natural gas system emergencies, per year	No more than <b>55 minutes</b>	42 minutes	✓
<b>Electric System Reliability</b>	<b>5-Year Average (2014-2018)</b>	<b>2018 Result</b>	<b>Change in 5-Year Average</b>
Frequency of non-major-storm power interruptions, per year, per customer (SAIFI)	1.01	0.81	-0.04
Length of power outages per year, per customer (SAIDI)	149 Minutes	126 Minutes	-2 Minutes
<b>Customer Service Guarantees</b>	<b>Successful</b>	<b>Missed</b>	<b>\$\$ Paid</b>
Electric & Natural Gas service appointments	2,216	5	\$250
Electric outage restoration within 24 hours of notification from Customer, excluding major events	4,661	11	\$550
Switch on power within one business day of request	7,997	1	\$50
Provide cost estimate for new electric or natural gas supply within 10 business days	2,356	0	\$0
Investigate and respond to billing inquiries with 10 business days	990	1	\$50
Investigate customer-reported problems with a meter, or conduct a meter test, and report results within 20 business days	741	3	\$150
Provide notification at least 24 hours in advance of disconnecting service for scheduled electric interruptions	42,014	298	\$14,900
<b>Totals</b>	<b>60,975</b>	<b>319</b>	<b>\$15,950</b>

### 2018 Performance Highlights

Avista once again exceeded all six of its Customer Service Measure benchmarks for 2018, improving upon its 2017 results for nearly all measures. Among several improvements in service we reported this year was a significant increase in customer satisfaction, based on both customer survey results as well as a decrease in the number of complaints filed. Additionally, there was an increase in overall Electric System Reliability in 2018, with the average occurrence of outages per customer, per year (not related to a major storm event) and the average duration of such outages both decreasing. As a result, our five-year average value for duration of service outages decreased by 2 minutes, as opposed to the nine minute increase seen in 2017. The Company is also pleased to have met 99.48% of its applicable Customer Service Guarantee commitments, providing customers a guarantee credit in just 319 out of 61,294 applicable cases. Avista will continue to pursue our mission of improving our customers' lives through innovative energy solutions into 2019, providing safe, affordable, and reliable service now and into the future.