

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DOCKET NO. UE-100176

EXHIBIT NO. ____ (BWF-5)

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REPRESENTING AVISTA CORPORATION

Process Recommendations of Cadmus Group

Cadmus Recommendations:	Avista's Response:
<u>RESIDENTIAL</u>	
<p>High Energy Star market share for dishwashers signifies that high free-ridership is likely for this measure and further market transformation through rebate is unlikely.</p> <p>Discontinue rebate for Energy Star dishwashers.</p>	<p>Avista implemented this in 2012.</p>
<p>Organization of programs may be unnecessarily complex.</p> <p>Simplify and document program organization structure. Cadmus recommended grouping programs in logical clusters, in order to reduce complexity of documentation and tracking.</p>	<p>Avista will implement this as possible, e.g. DSM Annual Reporting, etc. However, the Company is still responsible for measure level detail and cost-effectiveness and, therefore, has to continue to track this level of detail.</p>
<p>Program data are tracked adequately for internal purposes, but improvements could enhance evaluability.</p> <p>Whenever possible, Avista should develop tracking methods that support consistent analysis across programs. For example, a standardized format for customer address data across separate databases would ease database combination or integration.</p>	<p>Currently residential and low income rebates are within Avista's legacy Customer Service System (CSS). However, non-residential rebates are in a separate database that is not linked with this system. The Company is in the multi-year process of replacing its CSS and, in the meantime, will continue to use the current applications for DSM tracking.</p>
<p>Participants learn of programs through a variety of channels, with Avista representative and contractor outreach being key methods.</p> <p>Ensure contractors have adequate information to disseminate. Avista must focus on providing trade allies with adequate and accurate information. This can be achieved by distributing updated materials regularly, holding trainings for contractors, or formalizing the trade ally network to ensure frequent communication.</p>	<p>Implementation managers have begun to work more closely with trade allies. Examples of this are February 2011 activity with the Northwest HVAC/R Association to expand their dealer/contractor network and meetings on 2/10/12 to provide updates on Residential Energy Efficiency Programs and 2/24/12 Non-Res Lighting programs.</p>
<p>High participation levels in the Simple Steps, Smart Savings program indicate potential for program expansion.</p> <p>Avista should consider benefits of adding measures to the Simple Steps program.</p>	<p>Avista has expanded Simple Steps to include shower heads.</p>

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<p>HVAC contractors value program, contribute significantly to program outreach, are willing to engage more directly with Avista, and would appreciate additional marketing support.</p> <p>Avista should offer additional training and informational materials to contractors who serve the HVAC program, to ensure high-quality program information reaches customers, and to encourage program promotion through contractors.</p>	<p>Implementation managers have begun to work more closely with trade allies. Examples of this are February 2011 activity with the Northwest HVAC/R Association to expand their dealer/contractor network and meetings on 2/10/12 to provide updates on Residential Energy Efficiency Programs and 2/24/12 Non-Res Lighting programs.</p>
<p>Overall participation declined from 2010 to 2011. The decrease appeared to center in programs affected by the American Recovery and Reinvestment Act (ARRA) tax credits.</p> <p>Renew emphasis on customer outreach and mass marketing, including refreshing campaign messaging and using trade allies.</p>	<p>Avista anticipated that ARRA credits would move potential 2011 adopters into 2010. Outreach plans and execution are periodically reviewed.</p> <p>Implementation managers have begun to work more closely with trade allies. Examples of this are February 2011 activity with the Northwest HVAC/R Association to expand their dealer/contractor network and meetings on 2/10/12 to provide updates on Residential Energy Efficiency Programs and 2/24/12 Non-Res Lighting programs.</p>
<p>Lower-than-expected evaluated per-unit savings may indicate a need to review program eligibility criteria. Eligibility for multiple incentives may affect measure savings when multiple heating, ventilation and air conditioning (HVAC) measures are incented.</p> <p>Consider additional program requirements to ensure cost-effective measures.</p> <p>Revisit program eligibility for multiple measures where savings are interactive (particularly HVAC equipment).</p>	<p>Avista agrees that it would be beneficial to consider additional program requirements and re-evaluate program eligibility for multiple measures such as HVAC equipment.</p>
<p>Opportunities exist for increased involvement from trade allies. Trade allies are looking for more support from Avista to provide them with program literature for their customers.</p> <p>Produce and disseminate simple program information sheets to distribute to contractors and retailers.</p>	<p>Avista agrees and has implemented a trade ally outreach effort that includes in-person meetings, webinars and direct mailings.</p>

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<p>Program tracking is effective, though consistency across programs and tracking of follow-through for audit participants could be enhanced.</p> <p>Integrate audit program tracking into the central participant rebate database.</p>	<p>The Home Energy Audit effort is ending in September 2012. Avista agrees that having this information within the central participant rebate database would be useful. However, since this is ending soon, participation information most likely will not be added to the database.</p>
<p>An assessment of residential marketing revealed that Avista is adhering to best practices for energy-efficiency marketing and outreach. However, surveys indicate nonparticipant awareness may be declining, and opportunities exist for enhancing Avista websites.</p> <p>Marketing recommendations include enhancing Website connectivity, continuing to pursue diverse marketing and outreach strategies, and taking advantage of the trade ally network for direct customer outreach.</p>	<p>Cadmus’s observation is supported by E-Source’s ranking of Avista’s website to be #2, nationally, in 2011. Avista is currently in the process of re-working its website including updating the look and feel as well as beginning to review the overall usability.</p>
<p>Overall program satisfaction remained high over both years, with a notable improvement in the Home Energy Audit program. This high level of satisfaction may indicate an opportunity for increasing repeat participation.</p> <p>Continue to prioritize customer satisfaction, and take advantage of high satisfaction by targeting past participants.</p>	<p>Avista will consider ways to target past participants possibly as ambassadors for recruiting new participants.</p>
<p><u>NON-RESIDENTIAL</u></p>	
<p>Documentation of program operational procedures was not easily accessible.</p> <p>Developing a program manual, with implementation plans, operational procedures, marketing strategies, and verification protocols aggregated into a single program handbook, could help ensure execution of program plans.</p>	<p>Avista agrees and is in the process of drafting such documentation.</p>
<p>Customers felt there was a lack of information about program offerings.</p> <p>Enhance outreach and communication efforts; develop additional printed program manuals to</p>	<p>Avista will consider ways to continue to educate customers about current programs and benefits.</p>

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<p>educate customers about program opportunities; and consider holding online Webinars to assist customers with questions about programs.</p>	
<p>Avista’s informal network of trade allies works well, but limited information has been documented about trade allies, the markets they serve and their areas of specialization and qualifications.</p> <p>Provide regular trade ally communications through targeted outreach efforts, such as a Website, monthly e-mails, or a newsletter. Consider providing promotional materials to trade allies, or providing program working sessions or luncheons.</p>	<p>Implementation managers have begun to work more closely with trade allies. Examples of this are February 2011 activity with the Northwest HVAC/R Association to expand their dealer/contractor network and meetings on 2/10/12 to provide updates on Residential Energy Efficiency Programs and 2/24/12 Non-Res Lighting programs.</p>
<p>Although a marketing budget had not been allocated before 2011, Avista’s nonresidential marketing and outreach strategy has worked well.</p> <p>Conduct marketing surveys, and targeted marketing research that would gather additional information about customer facilities and technology end-uses.</p>	<p>Avista appreciates the acknowledgement that current outreach strategy is working well. The Company has done and will continue to do marketing research and look for cost-effective ways to gather additional information on customer facilities and end-uses.</p>
<p>Guidelines or standardized procedures for pre- and post-inspections for prescriptive programs have not been documented.</p>	<p>Pre-project inspection of prescriptive measures is inherently difficult to manage in a manner meaningful for evaluation. Avista is evaluating approaches to post-project inspection of nonresidential prescriptive projects.</p>
<p>Consider developing verification protocol to document pre- and post- inspection procedures for prescriptive programs, ensure data tracking for project installation.</p>	<p>Avista will consider developing such verification protocols to complement prescriptive program processes, including the appropriate documentation to support analytical and recordkeeping requirements.</p>
<p>Overall, participant surveys revealed high satisfaction, with slightly lower satisfaction by components such as scoping audits, program materials, and application process. When compared across programs, EnergySmart Grocer participants were less satisfied than prescriptive and site-specific participants for several</p>	<p>Avista appreciates the acknowledgement of the high satisfaction levels and will consider ways to improve the slightly lower satisfaction of scoping audits, program materials and the application process. EnergySmart is administered through PECL. The Company will work with PECL to determine ways to improve program materials, equipment installed,</p>

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<p>components such as program materials, equipment installed, contractor service, and program offerings. Nonparticipants that were aware of programs were less likely to be very satisfied than participants.</p>	<p>contractor service and program offerings.</p>
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<p><u>LOW INCOME</u></p>	<p></p>
<p>Avista’s low-income weatherization program has been successfully implemented, without significant delivery barriers, and Avista homes weatherized by agencies without Avista funding may represent opportunities to claim non-programmatic savings.</p> <p>Work with agencies to track non-programmatic savings.</p>	<p>Avista did this and will report on non-programmatic savings that occurred within its service territory during 2011.</p>
<p>Current participants and measure data are not being used consistently or effectively to calculate robust expected savings estimates. Agencies are willing to provide additional building and measure details for Avista to incorporate into an improved expected savings calculation.</p> <p>Ensure consistency and accuracy of data collected for expected savings calculations; work with CAPs for more detailed data collection; and continue to communicate with agencies regarding opportunities for automating reporting.</p>	<p>Avista will review potential opportunities that may exist within the current system constraints to evaluate data collected as well as data that may be available by the agencies that could aid the evaluation process.</p>
<p>While state resource portfolio requirements remain unclear in regard to holding low-income weatherization to the same cost-effectiveness standards as other DSM programs, a ruling on this issue will allow Avista to consider options for changing the design and delivery of their low-income weatherization program.</p> <p>Work with stakeholders to get clarity on whether low-income weatherization is held to the same cost-effectiveness requirements as other DSM program offerings.</p>	<p>Currently, low-income is held to the same cost-effectiveness requirement as other DSM programs. However, since low-income is administered through the CAPs, the Company has limited control. Avista will discuss further with stakeholders and hopefully work to resolution.</p>
<p>The program’s energy-saving educational</p>	<p>Energy education is provided by the CAPs. Avista</p>

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<p>component appears to lack standardization across agencies; however, it appears to operate successfully, based on participant survey responses.</p> <p>Focus energy education on actions resulting in high energy savings (e.g., reducing heating setpoints and hot water use).</p>	<p>will share this suggestion with its CAPs.</p>
<p>Participants reported additional benefits (e.g. increased comfort, improved health, reduced forced mobility) beyond cost-savings associated with reductions in energy consumption.</p> <p>Consider funding additional research of non-energy benefits, in particular those benefits that can be added to the Total Resource Cost (TRC).</p>	<p>The Company will take this recommendation to its advisory group for discussion. There has recently been a sub-committee within the Advisory Group formed to address unique low-income issues, such as this one.</p>
<p>Non-Residential</p>	
<p>Contractors are an important source of information about programs. However, lighting contractors promote the program less actively.</p> <p>Leverage contractor relationships with customers to communicate program offerings, continue to engage lighting contractors for the promotion of new lighting incentives and technologies, and expand trade ally resources through training, dedicated website, and print materials.</p>	<p>Implementation managers have begun to work more closely with trade allies. Examples of this are February 2011 activity with the Northwest HVAC/R Association to expand their dealer/contractor network and meetings on 2/10/12 to provide updates on Residential Energy Efficiency Programs and 2/24/12 Non-Res Lighting programs.</p>
<p>Awareness of Energy Independence and Security Act (EISA) standards is prevalent (86% of participants and 66% of nonparticipants), and saturation of T-12s is fairly high in non-participating customer facilities both installed and in storage.</p> <p>Consider developing a new program that obtains these T-12 bulbs in storage prior to use.</p>	<p>Implementation manager met with lighting Trade Allies on 2/24/12 in order to update them on changes to the non-residential lighting program. The intent of many of these program changes was an effort to move customers to adopt higher efficiency lighting earlier than would occur in the absence of this program, specifically T-12 bulbs.</p>
<p>Several individuals manage components of the site-specific program, but no central leadership role exists.</p> <p>Consider establishing a central leadership position for the site-specific program.</p>	<p>The relationship between “owners” (e.g., engineering and program management team) will be reevaluated.</p>

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<p>Expanded marketing efforts in 2011 demonstrate a best practice approach to commercial programs including “power breakfasts” featuring customer testimonials, and case study print advertisement.</p>	<p>Avista will continue “power breakfasts” and other means of customer engagement.</p>
<p>The participant database contains some inconsistencies that create challenges for evaluation.</p> <p>Establish a consistent approach to data entry across all programs and staff, and develop a quality assurance checklist for data entry and review.</p>	<p>Avista has transitioned to having a limited number of people to handle final project completion and payment. In addition, a quality assurance checklist is in the development process for use during this process. Avista will consider ways to establish consistencies in data entry.</p>
<p>Pre- and post-inspection requirements and procedures need better definition and transparency.</p> <p>Establish a documented pre- and post-inspection protocol, and continue strengthening feedback loops for large project review.</p>	<p>Avista will work to document pre- and post-inspection protocol and strengthen feedback loops.</p>