

**AVISTA CORP.**  
**RESPONSE TO REQUEST FOR INFORMATION**

JURISDICTION: WASHINGTON                      DATE PREPARED: 07/10/2009  
CASE NO: UE-090134 & UG-090135              WITNESS: Jon Powell  
REQUESTER: Public Counsel                      RESPONDER: Jon Powell  
TYPE: Data Request                              DEPT: Energy Solutions  
REQUEST NO.: PC - 307                              TELEPHONE: (509) 495-4047  
\* Reference Decoupling UG-060518              EMAIL: jon.powell@avistacorp.com

**REQUEST:**

Ref: Exhibit No. \_\_ (BJH-2), page 27, Table C7-B (Every Little Bit Program Costs). Please provide the following information regarding the Every Little Bit Program:

- a) Explain how the costs of the Program are assigned or allocated between Gas and Electric and by State in each of the years shown.
- b) Provide calculations illustrating the total gross costs and the development and application of each allocation factor or other assignment used for Every Little Bit costs for each year.
- c) Explain what information and analyses are performed by or for Avista to determine the optimum level of spending on Every Little Bit and other outreach campaigns.
- d) Provide complete copies of the reports, analyses, projections, workpapers and other documents associated with your response to part (c) in support of expenditure decisions made in 2007, 2008 and 2009, to date.
- e) ~~Does Avista have any information that provides estimated therm savings impacts or lost margin impacts attributable to its Every Little Bit or other outreach programs?~~
- f) If your response to part (e) is affirmative, please provide complete copies of all documents associated with your response.
- g) Confirm that the costs for Every Little Bit and other outreach programs is recovered in full through Schedule 191 or explain any amounts not recoverable.

**RESPONSE:**

a. Every Little Bit (ELB) expenses are individually allocated when it is possible to determine where the benefits of the investment will occur. When that is not possible, two default allocations are considered in allocating the expense. Every Little Bit expenditures with benefits occurring throughout Avista's Washington, Idaho and Oregon service territories have the default allocation indicated below (the percentages may not add due to the effect of rounding on the individual components):

	Electric	Natural Gas
Washington	52%	13%
Idaho	22%	6%
Oregon	0%	8%

For expenditures that only benefit Washington and Idaho, the default allocation is indicated below:

	Electric	Natural Gas
Washington	56%	14%
Idaho	24%	6%
Oregon	0%	0%

b. The default allocation factors are generally based upon a combination of BTU allocations of throughput by jurisdiction and the long-term historic jurisdictional split for programs implemented within Avista's Washington / Idaho portfolio. These default allocations are not applied when more specific information regarding the distribution of costs and benefits are available. An Excel file entitled "PC\_DR\_307-Attachment A.xls" will provide additional detail on this allocation.

c. The efficacy of Avista's outreach efforts are continually evaluated based upon a variety of descriptive statistics commonly used within the marketing field. These include:

- **Reach:** The unduplicated percent of a potential audience exposed to advertising one or more times during a given period.
- **Cume (cumulative audience):** This is an approach to measuring reach. The total number of different people or households exposed to advertising at least once during the media schedule.
- **Gross Impressions:** The combined audiences of several media vehicles or several announcements within a vehicle, leaving in the duplication among the audiences.
- **Frequency:** The average number of times an individual within the target audience are exposed to advertising messages.
- **DMA (designated market area):** Nielsen's term for geographical areas made up of exclusive counties on which home market stations receive the predominant share of viewing.
- **Daypart:** One of the segments into which the day is divided by broadcast media, determined by type of programming and who provides it (network or local).
- **Visitors/Visits:** A visit is an interaction, by an individual, with a website consisting of one or more requests for an analyst-definable unit of content (i.e. "page view"). If an individual has not taken another action (typically additional page views) on the site within a specified time period, the visit session will terminate.
- **Unique Visitors:** The number of inferred individual people (filtered for 'spiders' and 'robots'), within a designated reporting timeframe, with activity consisting of one or more visits to a site. Each individual is counted only once in the unique visitor measure for the reporting period.
- **Page View:** The number of times a page was viewed.
- **Pages/Visit:** Average pages per visit.

The 2008 Every Little Bit campaign outreach was built based on research data that indicated:

- Adults 18-44 reported only a 21% familiarity with energy conservation programs compared to 35% A45-64 and 39% A65+.
- 73% of adults 18-44 reported no "top of mind" awareness of conservation programs offered by Avista compared to 53% A45-64 and 56% A65+

Specific media avenues were chosen based on the following information:

- Television efficiently covers Avista's large market area because of its broad reach and is excellent at visually demonstrating the value of products and services
- Radio is excellent for call to action/ offers, is very targeted, and listenership spikes during the summer months when people are out enjoying the weather
- The Web is the fastest growing media to date and is an excellent way to reach light traditional media users especially those 18-34, and is an excellent way to reach consumers when they are researching products or looking for information, can be used to further explain offers, benefits, incentives, etc.
- Newspaper is good at explaining offers, rebates, and incentives and reaching the 50+ crowd.
- Outdoor is excellent at building frequency and reinforcing simple messages

- Magazines target consumers during their decision making process and can be used to target specific interests
- Magazine readership is actually on the increase and has one of the highest recall rates of any media

Based on this information, the following results were achieved for the 2008 Every Little Bit outreach:

- Daily and weekly publications: 6.8 million impressions, with a combined circulation of 282,233
- Local print publications: 229,247 impressions, with a combined circulation of 71,500
- National print publications, regional editions: 227,247 impressions, with a combined circulation of 44,870
- Web advertising: 1.9 million impressions, with 198,000 unique visitors combined
- Outdoor advertising: 1.8 million impressions, with daily combined traffic of 69,600
- Television deliveries: 99% reach, 10.6 frequency and 4.6 million impressions
- Radio deliveries: 85.9% reach, 18.8 frequency and 7.2 million impressions
- Every Little Bit website: 25,206 visitors, 20,416 unique visitors, 64,095 page views, 2.54 pages/visit
- House of Rebates website (launched in July 19, 2008): 3,594 visitors, 3,113 unique visitors, 28,715 page views, 7.99 pages/visit

These measurements of the effectiveness of the campaign generally augment pre-campaign analysis into the cost-effectiveness of incremental throughput and a break-even analysis of the additional throughput necessary for the program to be a cost-effective augmentation to Avista's DSM portfolio.

d. The attached PowerPoint file entitled "PC\_DR\_307-Attachment B.ppt" contains measurements of the statistical measures used to manage the Every Little Bit program as well as to describe past campaign effectiveness.

e. It is not possible to precisely determine the degree to which Avista's outreach investments have enhanced the throughput of Avista's DSM programs or the realization of energy savings through non-programmatic measures and behaviors. The multitude of other factors (changes in incentives, non-utility media, rate revisions, manufacturer and trade ally advertising and so on) make such an attribution with any degree of precision impossible.

Avista does track our outreach delivery and programmatic throughput as a guide to determine the effectiveness of particular messages and media. The incremental cost-effectiveness of each additional measure is also considered in the management of this process. This is then generally compared to the break-even analysis performed in advance of major outreach investments to determine if the campaign is meeting its required degree of effectiveness.

f. Avista does not have a measurement of the therm savings or lost margin impact specific to the Every Little Bit program. Measurements of campaign effectiveness, referenced in the response to 307(c), do not lead to an estimate of therm impact without the need for additional data.

g. The costs associated with the Every Little Bit campaign are charged to electric and natural gas DSM accounts that are ultimately recoverable through Schedule 91 and Schedule 191 tariffs.

**Calculation of DEFAULT fuel/jurisdiction assignment of ELB expenses  
Substitute more accurate allocations if possible**

441,000 Oregon gas goal (therms)  
1,062,000 WA/ID gas goal (therms)

70% WA share of WA/ID  
30% ID share of WA/ID

80% Electric share of WA/ID  
20% Gas share of WA/ID

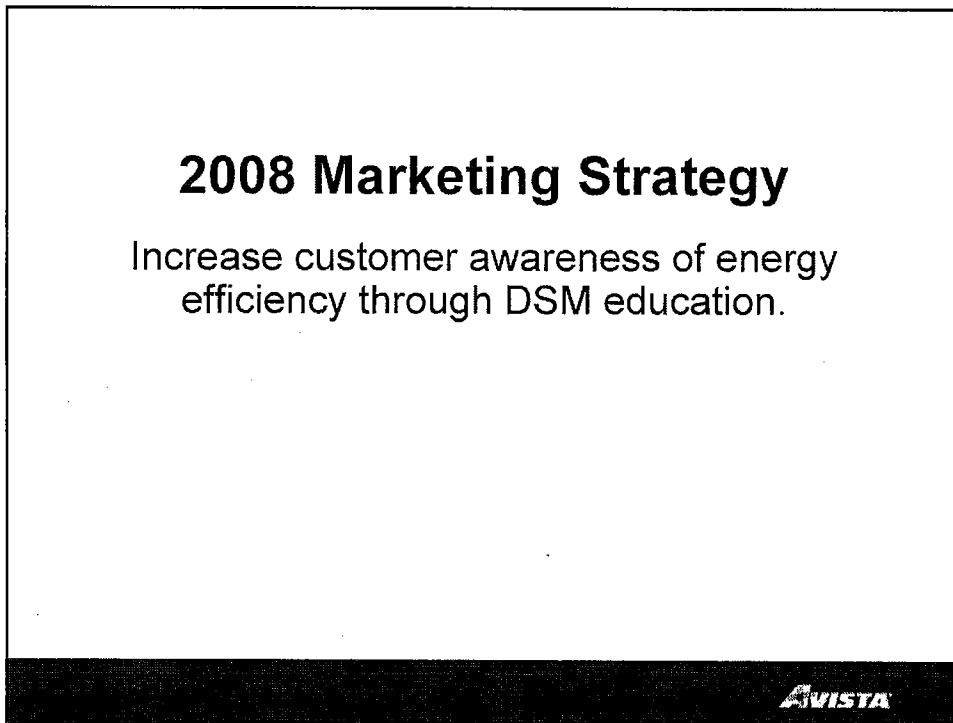
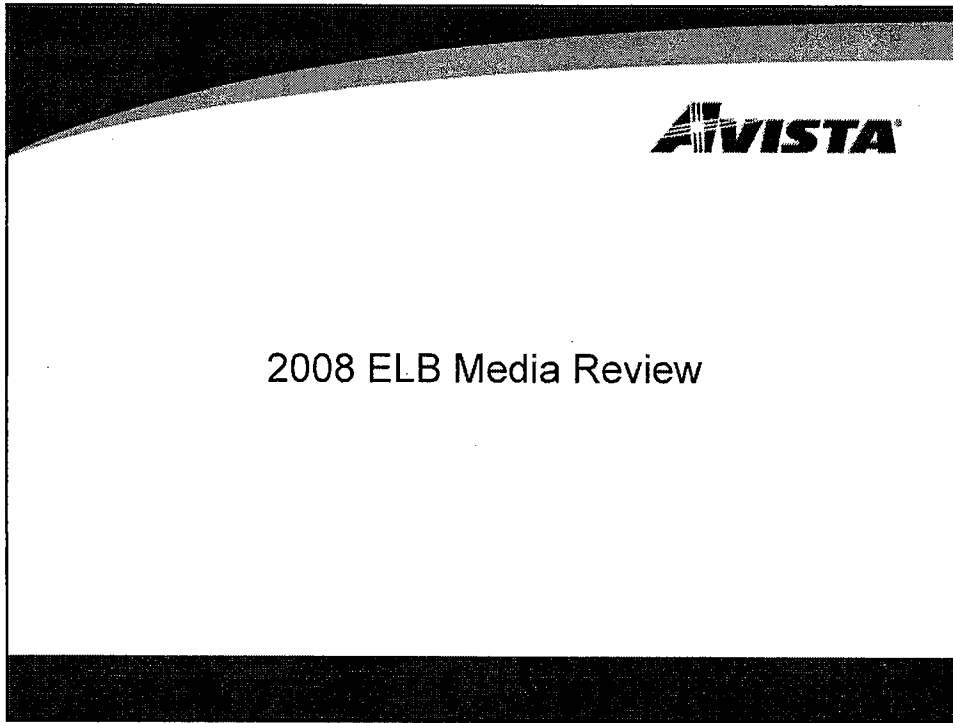
743,400 Washington therms  
318,600 Idaho therms  
441,000 Oregon therms  
1,503,000 Avista total therms

Final WA/ID investment default allocation		
	Electric	Gas
WA	56%	14%
ID	24%	6%
OR		
		100%

Intermediate calculation of the default WA/ID/OR allocation		
	Electric	Gas
WA	56%	14%
ID	24%	6%
OR		8%
		108%

<-- This is an intermediate  
108% and not final calculation

Final calculation of the default WA/ID/OR allocation		
	Electric	Gas
WA	52%	13%
ID	22%	6%
OR		8%
		100%



## Media Terms

- **Cume (cumulative audience):** another way of expressing reach. The total number of different people or households exposed to advertising at least once during the media schedule.
- **Gross Impressions:** the combined audiences of several media vehicles or several announcements within a vehicle, leaving in the duplication among the audiences.
- **Frequency:** the average number of times an individual within the target audience are exposed to advertising messages.
- **Reach:** the unduplicated percent of a potential audience exposed to advertising one or more times during a given period.
- **DMA (designated market area):** Nielsen's term for geographical areas made up of exclusive counties on which home market stations receive the predominant share of viewing.
- **Daypart:** one of the segments into which the day is divided by broadcast media, determined by type of programming and who provides it (network or local).



## Overall Advertising Strategy

- Get customers engaged and thinking about energy efficiency
  - Every little bit adds up, we are all part of a larger collective effort
- Provide context and relevance
  - Why should I care about energy efficiency?
  - It's a wise use of resources
  - Best way to meet growing demand
  - Better for the environment
  - Can save costs while reducing use
- Energy efficiency is the least cost "new" source of energy



## Media Specific Strategy: Audience

### *Justification*

- Adults 18-44 reported only a 21% familiarity with energy conservation programs compared to 35% A45-64 and 39% A65+.
- 73% of adults 18-44 reported no top of mind awareness of conservation programs offered by Avista compared to 53% A45-64 and 56% A65+
- Adults 65+ are much heavier media users than the 18-44 segment and will be reached through most of our programming.
- Adults with HH in comes over 55k are more likely to participate in conservation programs.

*\*Information obtained from Market Decisions DSM Program Research April 2007.*

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## Media Specific Strategy: Vehicles

### *Media Specific Vehicles*

- Primary: Television, Radio
- Secondary: Web, Newspaper, Outdoor, Magazine

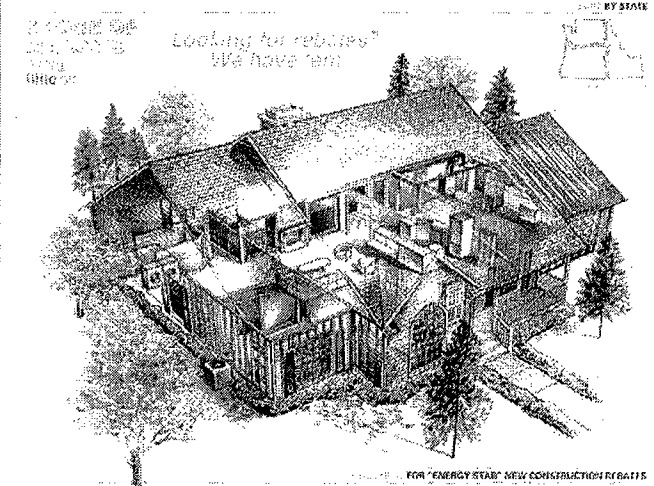
### *Justification*

- Television efficiently covers Avista's large market area because of its broad reach and is excellent at visually demonstrating the value of products and services
- Radio is excellent for call to action/ offers, is very targeted, and listenership spikes during the summer months when people are out enjoying the weather
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### House of Rebates

Looking for rebates? We have 'em!

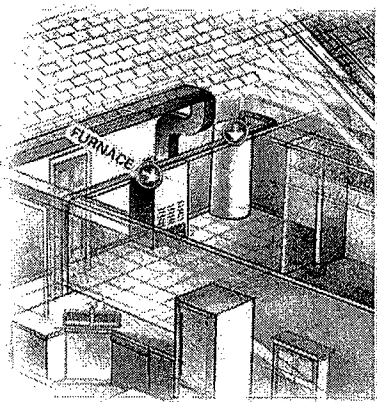


FOR "ENERGY STAR" NEW CONSTRUCTION REBATES

**AVISTA**

### Utility Room Rebates

UTILITY ROOM REBATES



**FURNACE**

This innovative dealer creates a number of models that run efficiently as a furnace.

**WASHINGTON**

**High Efficiency Natural Gas**  
\$400.00 Rebate  
File: download.pdf    [DOWNLOAD PDF](#)

**Variable Speed Motor**  
\$100.00 Rebate  
File: download2.pdf    [DOWNLOAD PDF](#)

**Electric to Natural Gas Furnace**  
\$250.00 Rebate  
File: download3.pdf    [DOWNLOAD PDF](#)

**MONEY SAVING TIPS**

**Filter**  
Change your furnace filter regularly to improve efficiency and eliminate the chance of a fire.

FOR "ENERGY STAR" NEW CONSTRUCTION REBATES

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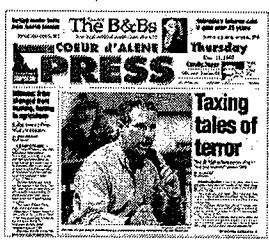


## Daily & Weekly Publications

Advertise in the key publications throughout our service territory

- Spokesman Review
- The Inlander
- Coeur d'Alene Press
- Liberty Lake Splash
- Cheney Free Press
- Othello Outlook
- Whitman Co Gazette
- Columbia Basin Herald
- Colville Statesman Examiner
- Clearwater Tribune
- Lewiston Tribune
- Daily News
- The Daily Bee
- Gem State Miner
- Bonners Ferry Herald
- Shoshone News Press

**Ran late Summer/Fall 2008**  
**Combined Circulation: 282,233**  
**Total Impressions: 6.8 M**



## Newspaper Print Creative

Save with usage. Save with rebates.

Save with usage. Save with rebates.

Save with usage. Save with rebates.

Save with usage. Save with rebates.

Save with usage. Save with rebates.

Save with usage. Save with rebates.

Start saving even before you program it.

Start saving even before you run a load.

Start saving even before putting them in.



## Local Print Publications

Advertise in the key Northwest publications

- Spokane Metro Magazine
- Inland Business Catalyst
- Spokane Remodel
- Inland NW Homes & Lifestyles

*Ran late Summer/Fall 2008*

**Combined Circulation: 71,500**

**Total Impressions: 229,247**



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## Magazine Creative

every little bit

Even when you do little things like use LED's, choose ENERGY STAR® appliances, and reduce the hot water volume when it's not in use, every little bit adds up. Doing these things can help you save money on your energy bills. For more information, visit [www.avista.com/energy](http://www.avista.com/energy) or call 1-800-363-2822.

A black and white photograph showing a woman in a white dress holding a small device (likely a smart meter or energy monitor) in a modern home interior. The scene includes a dining table, chairs, and a large window.

A black and white photograph showing a man in a striped shirt looking at a device in a home. The scene includes a dining table and a large window looking out onto a residential area.

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## National Print Magazines – Regional Editions

Go beyond typical local publications to reach subscribers of four respected national news magazines (*Newsweek*, *Time*, *US News*, *Sports Illustrated*)



- Provides instant credibility and perceived leadership
  - Reader-trusted quality/immediacy
- Reach influential consumers who want to stay informed
  - Target subscribers in Spokane market (N. Idaho & Quad Cities)

*Ran in July, Sept, Oct Issues*  
 Combined Circulation: 44,870  
 Total Impressions: 227,247



## Web Creative

Save with usage.  
 Save with rebates.

Get up to \$0.54 per sq. ft. back on WALL INSULATION

Download rebate forms at [everylittlebit.com](http://everylittlebit.com).

every little bit

Start saving even before you run a load.

every little bit | Get \$25 back on an ENERGY STAR® washing machine. Download this rebate form and other rebate forms at [everylittlebit.com](http://everylittlebit.com).

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Peelback Ad on Spokesman.com

Save with usage. Save with rebates.

every little bit | Get up to \$50 back on a PROGRAMMABLE thermostat. Download this rebate and find details on choosing a qualified model at [everylittlebit.com](http://everylittlebit.com).

AVISTA

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Save with usage. Save with rebates.

every little bit | Get \$50 back on an ENERGY STAR® washing machine. Download this rebate form and others at [everylittlebit.com](http://everylittlebit.com).

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### Web Advertising

- Sponsor Internet program viewing
  - Spokesman.com peelback
  - Krem.com
  - Video Player on kxly.com
  - Reach light television users and those who tend to shift their viewing

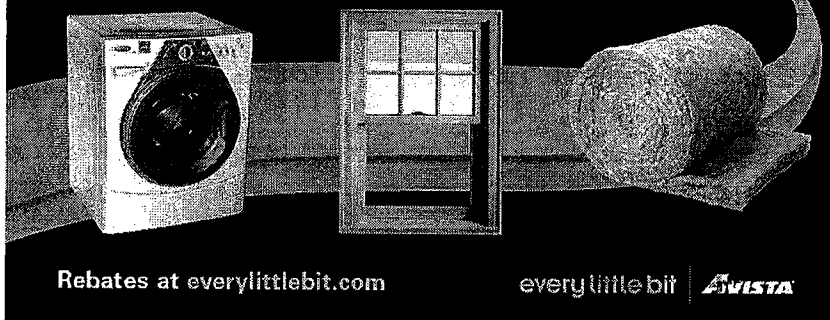
- Spots run in every program

*Ran September-December*  
198,000 unique visits combined  
Total Impressions: 1.9 million



### Outdoor Creative

Save with usage. Save with rebates.



Rebates at [everylittlebit.com](http://everylittlebit.com)

every little bit | AVISTA



## Outdoor Advertising

- Outdoor will supplement the rest of the media and help to reach those who are constantly on the go
- Focus on high traffic insertions — main arterials and freeways where available/as budget permits
- Utilize three billboards — two Digital and one Tri-Vision type
  - Estimated Combined Total Daily Traffic: 69,600
  - Digital boards allow more than one message
- Digital Billboards: (10x30)
  - Spokane Valley / Argonne & Montgomery)
  - Coeur d'Alene / Seltice Way
- Tri-Vision: (14x18)
  - Spokane / Division & Francis

*Ran July –December*

**69,600 combined daily traffic**

**Total Impressions: 1.8 million**

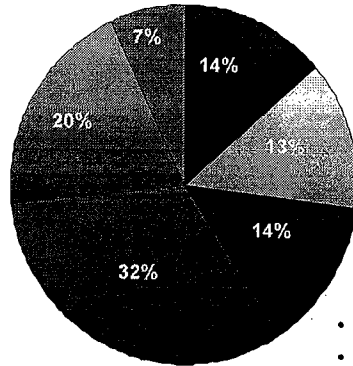
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## Spokane DMA

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## Media Mix & Cume Deliveries

Budget Allocation % by Medium



- Magazine
- Print
- Outdoor
- TV
- Radio
- Web

### Cume Deliveries

- Target Audience: Adults 18-44
- Reach: 99%
- Frequency: 10.6
- Impressions: 22.9 M

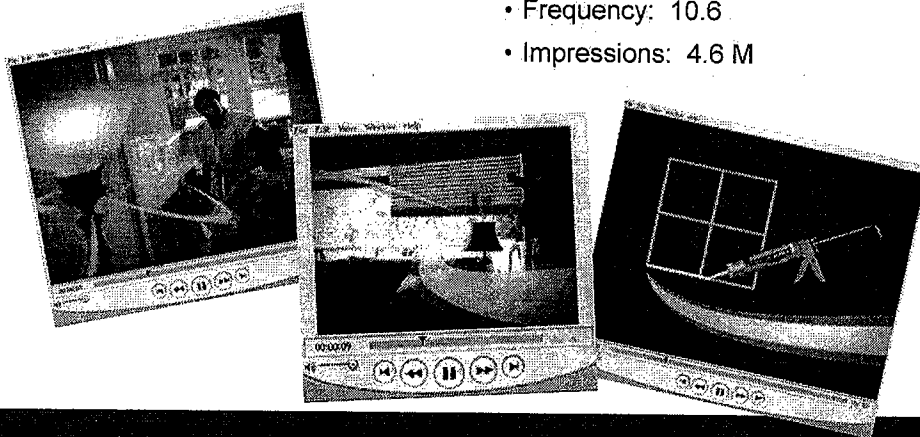


## Television Overview & Deliveries

- Flight Dates: 7/20 to 11/16
- Total Number of Spots: 625
- Average Spots Per Week: 80

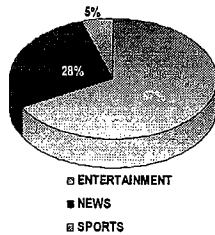
### Television Deliveries

- Target Audience: Adults 18-44
- Reach: 99%
- Frequency: 10.6
- Impressions: 4.6 M



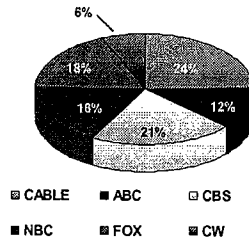
## Television Overview & Deliveries

### Genres



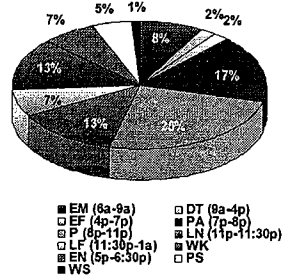
- News & Entertainment genres are key drivers
- Incorporate Sports to add overall reach

### Networks



- Utilize a combination of network & cable TV (targeted & efficient)
- Buy "appointment television" & first-run programming

### Daypart Mix



- Prime Time & Weekends are the "work horse" (Buy 39%)
- Balance other key dayparts (Early Morning, Late News) for efficiency

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## Programming Highlights – Network TV

### KREM

5AM News  
 6AM News  
 Oprah  
 5PM News  
 6 PM News  
 How I Met Your Mother  
 Big Brother  
 2 ½ Men  
 Letterman  
 11PM News  
 New Adventures of Old Christine  
 NFL  
 CSI  
 PGA Championship  
 60 Minutes  
 Amazing Race

**CBS**

### KAYU

News at 10p  
 Terminator  
 Prison Break  
 Simpsons  
 2 ½ Men  
 Fringe  
 So you Think You Can Dance  
 Moment of Truth  
 Are You Smarter Than a 5th Grader  
 Seahawks Football  
 World Series  
 Baseball  
 Family Guy

**FOX**

### KXLY

5:30 AM News  
 6AM News  
 Good Morning America  
 The View  
 Regis and Kelly  
 Dancing with the Stars  
 Boston Legal  
 6:30PM News  
 Grey's Anatomy  
 Ugly Betty  
 11PM News  
 Chris Mathews  
 Extreme Home Makeover  
 Desperate Housewives

**abc**

### KHQ

56AM News  
 Today Show  
 Olympics  
 11PM News  
 Heroes  
 America's Got Talent  
 Knight Rider  
 Lipstick Jungle  
 Office  
 NFL Sports



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### Programming Highlights – Network TV

**KLEW**

6PM News  
 11PM News  
 Survivor  
 CSI  
 Cold Case



**KSKN (CW)**

10PM News  
 Family Guy  
 Oprah  
 One Tree Hill  
 Beauty & The Geek  
 Reaper  
 Movie  
 Seahawks  
 Coaches Show



**KQUP**

Seinfeld



### Programming Highlights – Cable TV



*Deadliest Catch*  
*When We Left Earth (NASA)*  
*Man vs. Wild*



*Designed to Sell*  
*Hidden Potential*  
*House Hunters*  
*Spice Up My Kitchen*  
*Dream House*



*Trading Spaces*  
*Moving Up*  
*My First House*



*This Old House*  
*Sweat Equity*



*Sell This House*  
*Flip This House*



*Mariners*



*The Soup*





### Radio Overview & Deliveries

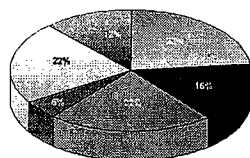
- Layer radio with TV to increase frequency; maximize impact
- Flight Dates: 7/21 – 12/31
  - Mariners Radio: 8/11- 12/21
- Total Number of Spots: 11,811
- Average Spots per Week:
  - Various: 536
  - Mariners: 32

**Radio Deliveries**  
**Target Audience: Adults 18-44**  
**Reach: 85.9%**  
**Frequency: 18.8**  
**Impressions: 7.2 million**



### Radio Overview & Deliveries

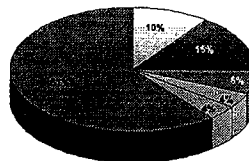
#### Formats



- COUNTRY
- SPORTS
- AC/SOFT ROCK
- NEWSTALK
- CLASSIC ROCK
- NEW/ALT

- Variety of formats ensures all cells are covered
- Incorporate Sports to add overall reach

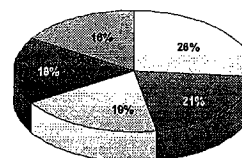
#### Stations



- KORK
- KQNT
- KXLY
- KZBD
- KBBD
- Other

- Choose stations based on highest market ratings in various formats
- KXLY AM largest allocation at 15%

#### Daypart Mix



- AM (6a-10a)
- PM (3p-7p)
- WK
- DT (10a-3p)
- NT (7p-12a)

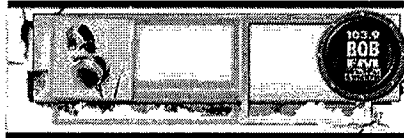
- Focus on Prime Dayparts (AM & PM Drive Time, 45%)
- Include Weekends; run 10a-7p when listenership is high



## Programming Highlights



KXLY—Handyman Show; Lawn & Garden w/Phyllis Stephens



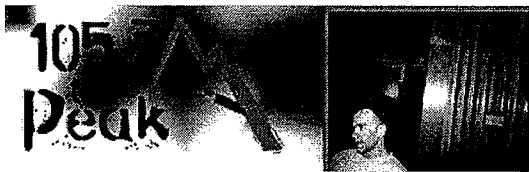
KBBB – 80s, 90s, Whatever



KQNT—At Home w/Gary Sullivan



KDRK – Country



KZBD—Alternative Rock



## Web Traffic Overview



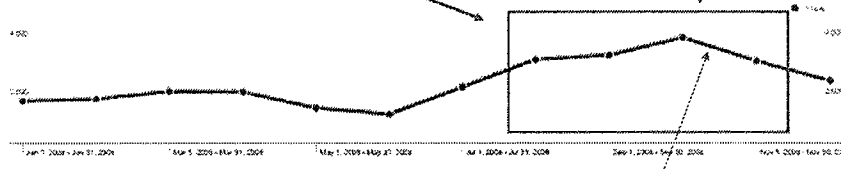
## Online Statistics: Advertising Drives Website Traffic EveryLittleBit.com

Advertising starts July 21; Full multi-media schedule runs July through November

### 2008 Overview

- 25,206 visitors
- 20,416 unique visitors
- 2.54 pages/visit
- 64,095 page views
- 47% direct hits
- 26% refer from au.com

Month	Views	Visits								
June	1,000	2,121								
July	1,932	8,717								
Aug	2,876	5,912								
Sept	3,025	Oct	3,633	8,021	Nov	2,817	6,017	Dec	2,145	4,636
Oct	3,633	8,021								
Nov	2,817	6,017								
Dec	2,145	4,636								



Advertising ran through Nov. 16—many spots bumped due to election coverage



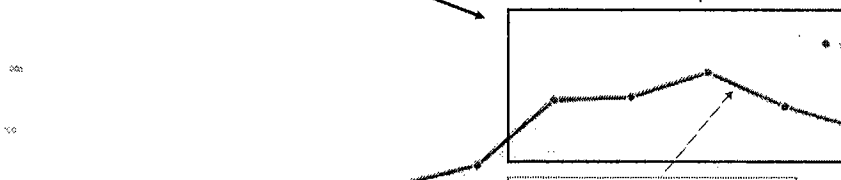
## Online Statistics: HouseofRebates.com

Advertising starts July 21; Full multi-media schedule runs July through November

### 2008 Overview

- 3,594 visitors
- 3,113 unique visitors
- 7.99 pages/visit
- 28,715 page views
- 99.5% direct hits

Month	Views	Visits
June	0	0
July	156	1,402
Aug	696	5,508
Sept	721	5,781
Oct	923	7,145
Nov	643	5,375
Dec	455	3,504



Advertising ran through Nov. 16—many spots bumped due to election coverage



