Exhibit No. ___ (DCG-26)
Dockets UE-150204/UG-150205
Witness: David C. Gomez

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION, **Complainant,** **v.** **AVISTA CORPORATION dba AVISTA UTILITIES,** **Respondent.**	**DOCKETS UE-150204 and UG-150205** ***(Consolidated)***

**EXHIBIT TO
TESTIMONY OF**

DAVID C. GOMEZ

**STAFF OF
WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION**

***Direct Testimony of Avista witness Don F. Kopczynski, Exhibit No. __ (DFK-1T) in UE-140188 and UG-140189 (consolidated)
(Provided on CD)***

July 27, 2015

Exhibit No. ___(DFK-1T)

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DOCKET NO. UE-14_____

DOCKET NO. UG-14_____

DIRECT TESTIMONY OF

DON F. KOPCZYNSKI

REPRESENTING AVISTA CORPORATION

I. INTRODUCTION

Q. Please state your name, employer and business address.

A. My name is Don F. Kopczynski and I am employed as the Vice President of Energy Delivery for Avista Utilities, at 1411 East Mission Avenue, Spokane, Washington.

Q. Would you briefly describe your educational background and professional experience?

A. Yes. Prior to joining the Company in 1979, I earned a Bachelor of Science Degree in Engineering from the University of Idaho. I have also earned a Master's Degree in Engineering from Washington State University, a Master's Degree in Organizational Leadership from Gonzaga University, and a Master's Degree in Business Administration from Whitworth University. Over the past 35 years I have spent approximately 18 years in Energy Delivery, managing Engineering, various aspects of Operations, and Customer Service. In addition, I spent three years managing the Energy Resources Department, including Power Supply, Generation and Production, and Natural Gas Supply. I have worked in the areas of Corporate Business Analysis and Development, and served in a variety of leadership roles in subsidiary operations for Avista Corp. I was appointed General Manager of Energy Delivery in 2003 and Vice President in 2004. My current position is Vice President of Energy Delivery. I serve on several boards, including the Common Ground Alliance, American Gas Association, and the Washington State University Advisory Boards.

Q. What is the scope of your testimony?

A. I will provide an overview of the Company's electric and natural gas energy delivery facilities, Smart Grid projects, Natural Gas Pipeline Replacement Program, and finally, I will summarize Avista's customer support programs in Washington.

A table of the contents for my testimony is as follows:

Q. Are you sponsoring any exhibits in this proceeding?

A. Yes. I am sponsoring Exhibit No.__(DFK-2) which shows the detailed usage and number of customers for each customer class; Exhibit No.___(DFK-3) which is the Company's "Protocol for Managing Select Aldyl A Pipe in Avista Utilities' Natural Gas System" report; and Exhibit No. ___(DFK-4) which is the Company's "Two-Year Plan for Managing Select Pipe Replacement in Avista Utilities' Natural Gas System" report.

II. OVERVIEW OF AVISTA'S ENERGY DELIVERY SERVICE

Q. Please describe Avista Utilities' electric and natural gas utility operations.

A. Avista Utilities operates a vertically-integrated electric system in Washington and Idaho. In addition to the hydroelectric and thermal generating resources described by Company witness Mr. Kinney, the Company has approximately 18,300 miles of primary and secondary

electric distribution lines. Avista has an electric transmission system of 685 miles of 230 kV line and 1,534 miles of 115 kV line.

Avista owns and maintains a total of 7,650 miles of natural gas distribution lines, and is served off of the Williams Northwest and Gas Transmission Northwest (GTN) pipelines. A map showing the Company's electric and natural gas service area in Washington, Idaho and Oregon is provided by Company witness Mr. Morris in Exhibit No. ___(SLM-3).

As detailed in the Company's 2013 Electric Integrated Resource Plan[1], Avista expects retail electric sales growth to average 1.1% annually for the next ten years in Avista's service territory, primarily due to increased population and business growth. In 2013, Avista had 4,362 new electric residential customer connections[2] and 3,263 for 2012.

Also, based on Avista's 2012 Natural Gas Integrated Resource Plan[3], in Washington/Idaho the number of natural gas customers is projected to increase at an average annual rate of 1.6%, with demand growing at a compounded average annual rate of 1.3%. New natural gas customer connections for all customer classifications were 4,484 in 2013 and 3,786 in 2012.

Q. How many customers are served by Avista Utilities in Washington?

A. Of the Company's 366,305 electric and 325,919 natural gas customers (as of December 31, 2013), 240,426 and 151,676, respectively, were Washington customers. Avista's largest electric customer in Washington is the Inland Empire Paper facility.

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[1] A copy of the Company's 2013 Electric IRP has been provided by Mr. Kinney as Exhibit No.__(SJK-2).
[2] A new customer connection as defined by Avista is when a customer receives a bill for the first time at a particular premises/location.
[3] A copy of the Company's 2012 Natural Gas IRP has been provided by Company witness Mr. Harper at Exhibit No.__(SAH-2).

Q. Please describe the Company's operation centers that support electric and natural gas customers in Washington.

A. The Company has construction offices in Spokane, Colville, Othello, Pullman, Clarkston, Deer Park, and Davenport. Avista's four customer contact centers in Spokane, Washington, Coeur d'Alene and Lewiston, Idaho, and Medford, Oregon, are networked, allowing the full pool of regular and part-time employees to respond to customer calls in all jurisdictions.

III. GRID MODERNIZATION / "SMART GRID" INITIATIVES

Q. Please provide an overview of the Company's projects related to grid modernization.

A. Avista is investing in grid modernization, or what the industry has termed "Smart Grid" technology, with the aid of three federal grants promoting the development of grid modernization applications. These grants provided the Company the opportunity to accelerate its investment in grid modernization, grid improvement, and training at a lower cost to customers.

Q. Please describe the first program funded by the Smart Grid Investment Grant.

A. In October 2009, Avista was chosen to receive a matching grant of approximately $20 million from the U.S. Department of Energy (DOE) for a project to upgrade portions of its electric distribution system to higher grid standards. The Company contributed approximately $22 million to the project cost. This project included upgrades to 58 electric distribution circuits

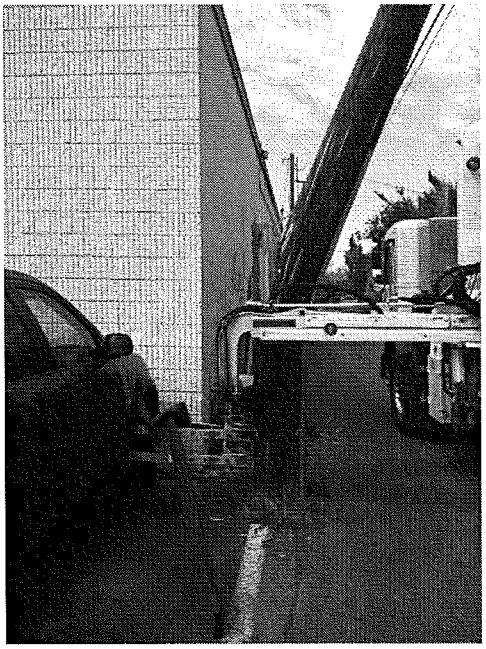
known as "feeders" in the Spokane area, and 14 substations that serve approximately 110,000 electric customers. The Company refers to this project as the "Smart Grid Investment Grant" (SGIG). The project reduced energy losses from electric lines, improved reliability and increased efficiency in these feeders. This work also reduced the need for new energy sources and cut greenhouse gas emissions. Specifically, the project included installation of modern equipment and software to enable Smart Grid capabilities and increase reliability and efficiency. The distribution feeder systems upgraded are primarily in higher population density areas of south and north Spokane. This project allows Avista to remotely control and operate the distribution system through a series of wireless controls and fiber communication between switches, reclosers, capacitor banks, and voltage regulators.

The construction phase of the distribution line work associated with the SGIG project has been completed, as well as the installation of 380 line devices, 29-miles of primary conductor, and 14 substations. In addition, the Distribution Management System (DMS) is fully installed and is currently running Fault Detection Isolation and Restoration (FDIR) and Integrated Voltage / Reactive Power Control (IVVC) for 59 Smart Grid Feeders. The DMS deployment has provided a significant amount of real-time data reflecting the distribution system's operational behavior. This level of intelligence enables more visibility into the distribution network via configuration management, performance monitoring and network fault monitoring. One big plus: the grid can be automatically reconfigured for reliability. This is achieved during an outage when the system determines which section needs to be isolated and then restores power to both the upstream and downstream customers. This reduces the number of customers affected by an outage and reduces the length of outages for customers on these feeders.

Q. Can you provide an example of how this system works?

A. Yes. By way of example, on August 13, 2013, while the Company was in the training and implementation phase of FDIR, we experienced an outage in north Spokane at approximately 10:18 am, where a garbage truck hit a pole causing a fault on the Company's Lyons and Standard feeder. The incident affected 897 customers, including the North Town Shopping Mall. The DMS correctly performed upstream restoration of 811 customers at 10:19 am; and Avista's Distribution Dispatchers correctly performed downstream restoration of an additional 72 customers by 10:33 am. The Company sent a crew to the isolated incident to replace the power pole and restore power to the remaining 14 customers. The Company estimates the total customer outage minutes saved during this one outage to be 36,374. Ultimately, the benefits of the system include a more reliable and efficient grid, along with improved customer service.

<u>Illustration No. 1</u> – 883 customers out of 897 restored within minutes



Lastly, the Company is working on developing metrics and reports to support the requirements of the Department of Energy (DOE) for the SGIG grant. The reporting program is being submitted to a DOE data clearing house and will help the DOE assess the effectiveness of the program. The data reporting period goes through March 2015, which will then conclude the project.

Q. Please describe the second project known as the Smart Grid Demonstration Project.

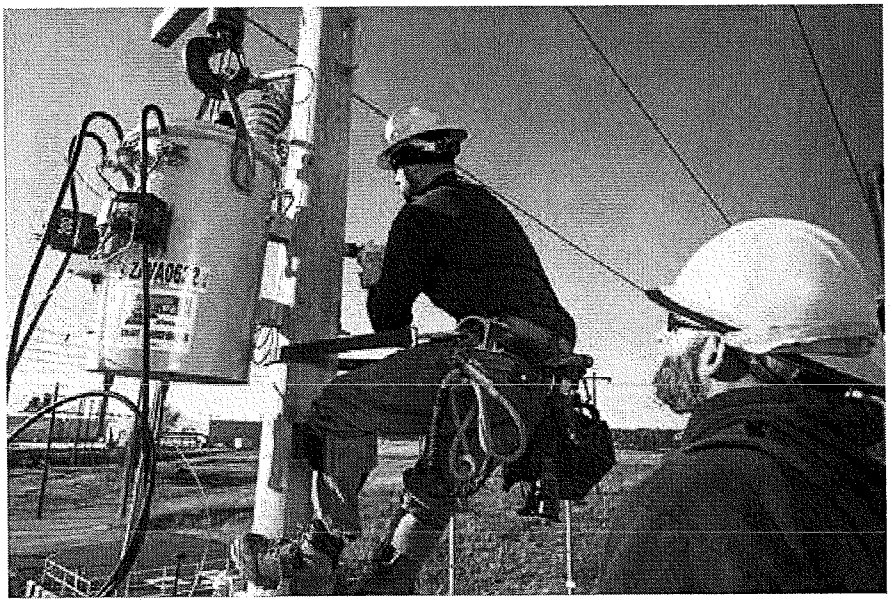
A. Avista has also led a Smart Grid Demonstration Project (SGDP) creating the first "smart community" in the Pacific Northwest. The matching funds for the $38 million project were part of a DOE grant for a larger $178 million regional project which is administered by Battelle[4]. Avista has teamed up with several regional entities for the Pullman, Washington project. Avista's portion of the matching funds is approximately $13.1 million. This demonstration project involves the automation of many parts of the electric distribution system using advanced metering, enhanced utility communication and other elements of smart grid technologies[5]. This project also includes some of the same technology as the Spokane project - for example, the installation of a distribution management system (DMS) which controls smart switches, smart capacitor banks, smart fault indicators, and smart voltage regulators for fully automated restoration, fault identification, integrated voltage and reactive power compensation,

[4] Battelle is an international science and technology enterprise that explores emerging areas of science, develops and commercializes technology, and manages laboratories for customers. Battelle supports community and education programs to promote an enhanced quality of life for its community neighbors.

[5] Smart grid technology includes everything from interactive appliances in homes to substation automation and sensors on transmission lines. It is a system that uses various technologies to enhance power delivery and use through intelligent two-way communication. Generators of electricity, suppliers and users are all part of the equation. With increased communication and information, smart grid implementations can monitor activities in real time, exchange data about supply and demand and adjust power use to changing load requirements.

conservation voltage reduction, and automated switching. Smart transformers with internal and ambient temperature sensing, as well as low side bushing measurement devices, will communicate load and potential failure information routinely. The project is scheduled to be complete in September 2014.

Illustration No. 2 – Installation of a Smart Transformer in Pullman, WA



The Pullman Smart Grid Demonstration Project (SGDP) has just completed its fourth year of construction and operation. Avista personnel and contractors have completed the installation of 66 line switches and capacitor banks, over 1.5-miles of primary conductor, and installed 360 Smart Transformers. In addition, in 2011 contract crews installed approximately 13,000 digital electric meters and 5,000 natural gas "Encoder Receiver Transmitters" (ERT's) to Pullman customers. Avista crews have completed upgrading all three substations in the project. The most recent year focused on the integration of new intelligent transformers, line devices, and substation controls into the control system.

The Company provided a web portal in the second quarter of 2012 that allowed 6,500 targeted customers in Pullman access to their energy data. The remaining 6,500 customers were offered the web portal as part of a control group, in an effort to achieve valid customer statistics around web portal effectiveness. These control and target groups have been selected randomly. Additionally, by the end of 2013, a subgroup of nearly 100 volunteer customers had received advanced thermostats that provide in-home, near real-time (5 minute), energy consumption feedback.

The project entered a demonstration phase in the fall of 2013 and will end in January 2015. During this time, transactive functionality and customer feedback will be monitored. Reporting in the final six-months of 2014 will help with program assessment in the areas of system efficiencies, transactive control signal, reliability, and customer behavior.

Q. Finally, please describe the training program connected with Smart Grid Technology.

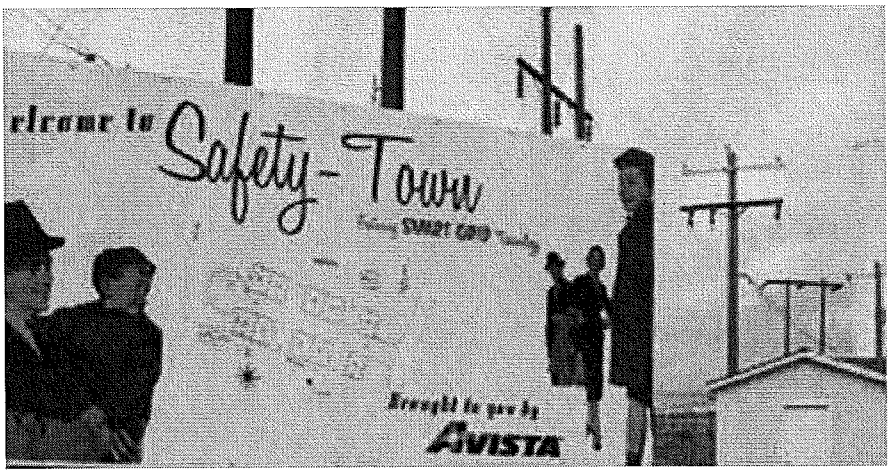
A. Avista also partnered with several utilities and colleges in the region to develop a smart grid work force training program over the course of three years. Avista received $1.3 million of a $5 million DOE grant for this aspect of the project. Over the three year project period (2010-2013), Avista:

- Upgraded the Jack Stewart Training Center with a substation and distribution training facility for smart grid technology;
- Updated Avista training programs for apprentices, journeymen and pre-line school students to incorporate smart grid technology; and
- Developed several online curriculum offerings to be shared by utilities and colleges in Washington, Oregon, Idaho, Montana and Utah.

Avista has a commitment to ensuring that its highly-skilled workforce continues to be prepared to operate and maintain our energy delivery system as technology changes. A focus on workforce training for the future provides our employees with up-to-date knowledge and skills; so that we can meet our customers' energy needs reliably and responsibly, now and in the future.

The workforce training program was completed on July 30, 2013. As part of the program, the Company developed new training for smart grid devices and updated older training materials that were affected by the inclusion of new devices and how they affect the work we perform. In addition to the training materials, the Company built a training substation at its Jack Stewart training facility and developed what is called "Safety Town." Safety Town is a training village at Jack Stewart consisting of multiple small model homes equipped with the same technology as that being deployed with the Company's other two Smart Grid projects. The additional training facility and substation gives the Company the ability to provide hands on training for the new smart grid equipment in actual energized situations.

Illustration No. 3 – Safety Town Training Facility



IV. PIPELINE REPLACEMENT PLAN

Q. Please describe Avista's ongoing program for managing its Aldyl A polyethylene natural gas pipe.

A. The Company is continuing its twenty-year program to systematically replace select portions of the DuPont Aldyl A medium density polyethylene pipe in its natural gas distribution system in the States of Washington, Oregon and Idaho. In 2011, Avista identified approximately 721 miles of priority Aldyl A main pipe and approximately 16,000 transition tees for replacement, and developed a protocol for managing this piping. The Company's protocol is attached as Exhibit No.___(DFK-2). Avista began replacement of Priority Aldyl A pipe under the protocol in 2011.

Q. Has Avista sought recovery of the expenditures made under this program in any of its jurisdictions?

A. Yes. The Company received approvals in Washington and Idaho for replacement costs in its last general rate cases, and a Settlement Stipulation was approved by the Oregon Commission on January 21, 2014 in Avista's recent Oregon Rate Case[6], allowing for full recovery of costs reflected in those filings.

Q. Has the Company made adjustments to its Priority Aldyl A Replacement Plan since it was first implemented?

A. Yes. Changes in the implementation of the program were documented in Avista's Two-Year Pipe Replacement Plan[7], filed in compliance with the Commission's recent Policy

[6] Washington UG-120437, Idaho AVU-G-12-07, and Oregon UG 246.

[7] Two-Year Plan for Managing Select Pipe Replacement in Avista Utilities' Natural Gas System. Docket No. UG-120715. May 31, 2013.

Order established in Docket UG-120715, and approved by the Commission in Order No. 01 in Docket PG-131837. The Two-Year Plan describes the Company's progress to date (May 2013), the adjustments made in the construction schedule for remediation of tees, the Company's recent cost experience, and identifies replacement activities and costs slated for 2014 and 2015. The Company's Two-Year Plan is attached as Exhibit No.___(DFK-3).

Q. What range of replacement costs has the Company been experiencing?

A. As noted in Avista's Two-Year Plan, unit replacement costs for main pipe ranged from $69 to $83 per foot. However, costs for more recent construction ranged as high as $110 per foot. This highter unit cost was attributed largely to the street repair requirements that included removal and repaving of an 8-foot wide portion of the paved street, re-prepping of the road base, and 100% import/export of the excavated materials.

Q. What steps is Avista taking to manage these costs?

A. The Company is focused on assessing trends in unit replacement costs since they have such a direct impact on the overall cost of the program. Key to this effort is understanding and managing, to the extent possible, the factors driving costs. As described in the Two-Year Plan, our primary approach is focused on the use of innovative construction techniques that allow us to replace the pipe while reducing or avoiding expensive pavement cutting and street repair. Additionally, the Company is working with local authorities to explore less-costly options for street repair than current requirements, and in the meantime, targeting replacement activities in priority areas where the pipe replacement does not require pavement cutting.

Q. Has the Company's experience with higher unit costs been incorporated into the budgets for the Priority Aldyl A program?

A. Yes. Since the program is based on a time horizon of twenty years, the amount of pipe to be replaced each year is relatively fixed, independent of the unit construction costs. Therefore, as the unit construction costs have increased, the Company's annual budget for the program has increased correspondingly. Compared with the three-year capital budget presented in Avista's Two-Year Plan, the Company increased spending in 2013 by $2.16 million, and plans to increase the amounts spent in 2014 and 2015 by $3.06 million and $3.13 million, respectively.

Q. What capital costs associated with this program are included in this case?

A. For its Washington jurisdiction, Avista is planning to invest approximately $11.7 million ($17.2 million system) in capital on this program in 2013, $7.90 million ($16.45 million system) in 2014, and $8.07 million in 2015 ($16.82 million system). The capital investment for the Project is further discussed in the direct testimony of Company witness Mr. DeFelice, and these costs through 2015, are included in the revenue requirement as noted in the direct testimony of Company witness Ms. Andrews.

V. CUSTOMER SUPPORT PROGRAMS

Q. What customer support programs does Avista provide for its customers in Washington?

A. Avista Utilities offers a number of programs for its Washington customers, such as the Low-Income Rate Assistance Program (LIRAP), energy efficiency programs, Project Share for emergency assistance to customers, a Customer Assistance Referral and Evaluation Service (CARES) program, senior programs, level pay plans, and payment arrangements.

Through these programs, the Company works to build lasting ways to ease the burden of energy costs for customers that have the greatest need.

To assist our customers in their ability to pay, the Company focuses on actions and programs in four primary areas: 1) advocacy for, and support of, energy assistance programs providing direct financial assistance; 2) low income and senior outreach programs; 3) energy efficiency and energy conservation education; and 4) support of community programs that increase customers' ability to pay basic costs of living.

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

A. The Company's LIRAP program approved by the Commission in 2001 collects funding through electric and natural gas tariff surcharges on Schedules 91 and 191. These funds are distributed by Community Action Agencies (CAA's) in a manner similar to the Federal and State-sponsored Low Income Home Energy Assistance Program (LIHEAP)[8]. LIRAP, like LIHEAP assistance can help a household avoid having its utilities shut off or help reestablish service after a disruption and can also help pay ongoing heating costs.

During the 2012/2013 heating season (October 2012 – September 2013) nearly 29,000 Washington customers received approximately $8.4 million in various forms of energy assistance (Federal LIHEAP program, LIRAP, Project Share, and local community funds). The following funds were distributed by Community Action Agencies (CAA's) during the 2012/2013 heating season:

[8] The Low Income Home Energy Assistance Program (LIHEAP) is a federal program established in 1981 and funded annually by Congress. These federal dollars are released directly to states, territories, tribes and the District of Columbia who use the funds to provide energy assistance to low-income households. LIHEAP offers financial assistance to qualifying low-income households to help them pay their home heating or cooling bills. Under federal law, a household must have income below either 150 percent of the federal poverty level or 60 percent of state median income level, whichever is higher. However, states can set lower income thresholds if they choose to.

Illustration No. 4 – Distribution of Energy Assistance Funding

Washington Energy Assistance	10/1/12 to 9/30/13	
	# of Grants	Amounts
LIHEAP	6,282	$ 2,741,174
Project Share	616	$ 134,250
Misc Grants	9,368	$ 1,055,961
LIRAP	12,680	$ 4,481,107
	28,946	**$ 8,412,492**

Q. Is the Company proposing any changes to its LIRAP program?

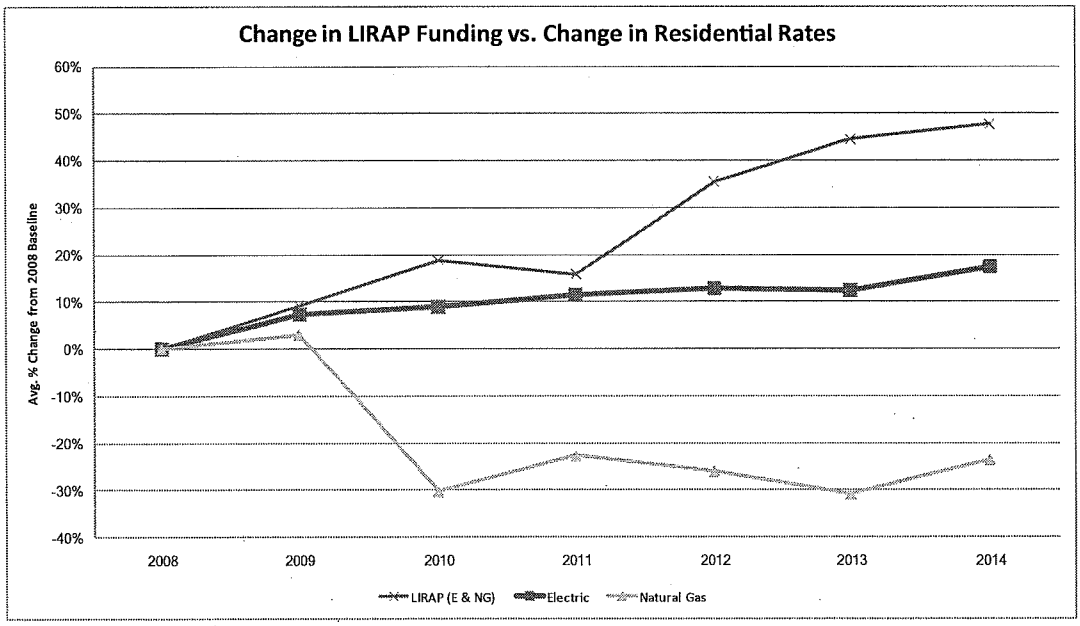
A. Not at this time. Avista has a long history of making it a priority within our Company to maintain and implement programs that are effective in assisting our customers that are experiencing difficulty paying their energy bills and seniors living on fixed incomes. Avista, along with the low income and senior/vulnerable advocates, has long sought to understand the reach and effectiveness of energy assistance and energy efficiency programs. The challenge continues to be how to estimate with more certainty the level of need which could provide information for the purpose of assessing program size and design.

In the Company's last general rate case[9], the Parties agreed to increase LIRAP funding in 2013 and 2014. The funding level for the electric low income program increased by 3%, and 3.68% for the natural gas low income program. On January 1, 2014 the funding level for the electric low income program increased another 3%, and .94% for the natural gas low income program. The following graph illustrates the increase each year in LIRAP funding from 2008

[9] Docket Nos. UE-120436 and UG-120437 (Consolidated)

through 2014, as compared to the annual change in Avista's residential electric and natural gas rates:

Illustration No. 5



As part of the most-recent multi-party settlement stipulation, Avista agreed to work with Commission Staff and all interested parties to discuss the merits of the existing LIRAP program and other potential design options, including a discounted rate program and to propose changes, if necessary, in its next general rate case.

The Company recognizes that, while the funding from the LIRAP surcharge is distributed to qualifying customers through direct bill assistance (i.e., grants), there is interest in exploring other programs that may also help to reduce the energy burden such as a discounted rate, arrearage forgiveness plans, percentage of income payment plan, to name a few. PacifiCorp

currently offers a discount rate in Washington, while Puget Sound Energy operates their low-income rate assistance program in a manner similar to that of Avista.

In May 2013, the Company sent out a "Request for Information" to all of the affected parties – the Commission Staff, Washington investor owned utilities, Public Counsel, and the Energy Project. The responses to the request helped inform a meeting held on September 11, 2013, to discuss current programs and to address the issues of the administration of low-income programs. No consensus was reached and more work needs to be done in analyzing the best vehicle for delivering assistance.

The Company continues to review programs offered by other states, gather information from low-income agencies, as well as collect and analyze data to determine whether or not Avista's current program should be changed. Such information will be important in identifying—and fostering the further use of—any methods of meeting the energy needs of low-income families that may be more effective than current methods.

At this time, the Company believes it is premature to propose a change to its current program and will continue to meet with parties in 2014 to discuss results, ideas and possible proposals for future changes.

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

A. Project Share is a community-funded program Avista sponsors to provide one-time emergency support to families in the Company's region. Avista customers and shareholders help support the fund with voluntary contributions that are distributed through local community action agencies to customers in need. Grants are available to those in need without regard to their heating source. In 2013, Avista Utilities' customers donated $245,080 on

a system-wide basis, of which $168,321 was distributed by Washington Community Action Agencies. In addition, the Company itself contributed $137,360 to Project Share for the benefit of Washington customers in 2013.

Q. What other bill-assistance programs does the Company offer?

A. In an effort to assist and educate customers about payment options such as Comfort Level Billing, flexible payment plans, and preferred due dates, we developed a campaign (Customer Bill Assistance Campaign) encouraging customers to learn about and enroll in the various bill assistance options available to them. This Campaign was launched in December 2013 in all of the Company's service areas. It briefly explains the payment options above and encourages the customer to contact Avista to enroll or find out more. The Comfort Level Billing program has been especially well-received by participating customers, with approximately 46,290 or 17%, of Washington electric and natural gas customers participating in Comfort Level Billing.

In addition, the Company's Contact Center Representatives work with customers to set up payment arrangements to pay energy bills, and choose a preferred due date. As of November 30, 2013, 42,490 Washington customers were provided with over 105,037 such payment arrangements.

Q. Please summarize Avista's CARES program.

A. In Washington, Avista is currently working with over 2,336 special needs customers in the CARES program. Specially-trained representatives provide referrals to area agencies and churches for customers with special needs for help with housing, utilities, medical assistance, etc. One of the benefits we have in utilizing CARES representatives is the ability to

evaluate each customer, based on their specific need and to educate them on what assistance is available within the community that meets those individual needs. A goal of the program is to enable customers to manage not only their Avista bill, but other bills and needs as well.

Q. Does the Company perform any other outreach to its customers?

A. Yes. The following are examples of outreach programs that are available to customers:

1. **Senior and Low-Income Workshops:** Avista has developed specific strategic outreach efforts to reach our more vulnerable fixed and low-income income customers (with special emphasis on seniors and disabled customers) with bill paying assistance and energy efficiency information that emphasizes comfort and safety. Avista accomplishes this outreach mainly through Energy Workshops. During the 2012/2013 heating season 20 workshops were conducted reaching nearly 900 seniors and low-income individuals. All workshop participants were given Home Energy Efficiency kits along with tips for low-cost/no-cost ways to manage energy use. Each kit contains energy-saving items such as compact fluorescent light bulbs, plastic window covering, draft stoppers for exterior light switches and outlets, v-seal for drafty doors and a polar fleece lap blanket. The Company also conducts general outreach in partnership with organizations that are in contact with vulnerable individuals through resource fairs or in-home services. For example, home energy kits have been provided for distribution through senior meal delivery programs. Through all of these venues, individuals are provided with information to effectively manage their home energy use and the Company's bill assistance programs.

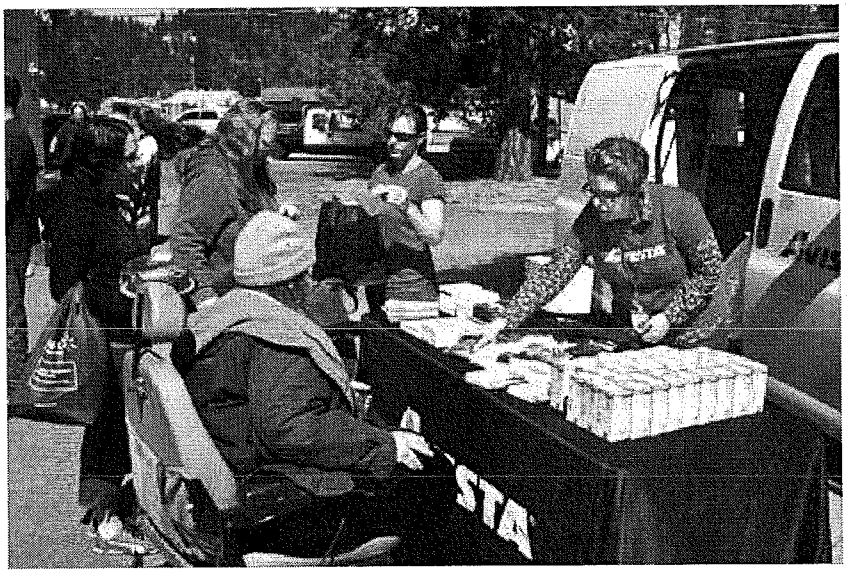
2. **Senior Publications:** Avista has created a one-page advertisement that has been placed in senior resource directories and targeted senior publications to reach seniors with information about energy efficiency, Comfort Level Billing, Avista CARES and energy assistance.

3. **Energy Fairs:** In 2013, Avista hosted four (4) energy fairs, in which nearly 1,000 individuals were reached. These outreach events provided information and demonstrations on energy assistance, energy efficiency and home weatherization to limited income families and senior citizens as well as provided an environment for customers to learn about billing options and energy assistance, while offering them tips and tools to use to help manage their limited financial resources.

4. **Mobile Outreach Van:** Avista offers many opportunities throughout the year for customers to attend energy fairs or workshops to learn more about energy assistance, energy efficiency and the resources available to them. But some of our more

vulnerable customers have a hard time getting to an event to access these resources. So to ensure that we're reaching as many customers who need our help as we can, Avista created the Energy Resource Team van. The van is fully loaded with energy efficiency items such as rope caulk, V-seals and coil cleaners, as well as informational materials about bill options, assistance and efficiency. A laptop resides with the van, so employees can demonstrate our many online tools in action. In 2013, the van expanded outreach efforts to 5,012 individuals through 50 events throughout our service territory, many of which were in conjunction with Second Harvest Food Bank mobile food pantry.

Illustration No. 6 - Customers being assisted by the Mobile Outreach Van



Q. Please describe how the Company measures customer satisfaction, and how important it is to Avista.

A. Our customer satisfaction is very important to Avista. We measure satisfaction by conducting a quarterly survey we refer to as "Voice of the Customer" (VOC). The purpose of the VOC Survey is to measure and track customer satisfaction for Avista Utilities' "contact" customers – i.e., customers who have contact with Avista through the Call Center and/or work performed through an Avista construction office.

Customers are asked to rate the importance of several key service attributes. They are then asked to rate Avista's performance with respect to the same attributes (time for connection to a representative, representative being courteous and friendly, representative being knowledgeable, being informed of job status, leaving property in condition found, etc.). Customers are also asked to rate their satisfaction with the overall service received from Avista Utilities. Customer verbatim comments are also captured and recorded.

Our most recent fourth quarter 2013 customer survey results and our 2013 year end results show an overall customer satisfaction rating of **95%** in our Washington, Idaho, and Oregon operating divisions. This rating reflects a positive experience for customers who have contacted Avista related to the customer service they received.

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

A. Yes.