

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION )  
OF IDAHO POWER COMPANY FOR )  
AUTHORITY TO INCREASE ITS RATES ) CASE NO. IPC-E-08-10  
AND CHARGES FOR ELECTRIC SERVICE. )  
\_\_\_\_\_ )

IDAHO POWER COMPANY

DIRECT TESTIMONY

OF

THERESA DRAKE

1 Q. Please state your name and business address.

2 A. My name is Theresa Drake. My business  
3 address is 1221 West Idaho Street, Boise, Idaho.

4 Q. By whom are you employed and in what  
5 capacity?

6 A. I am employed by Idaho Power Company as  
7 Manager of Customer Relations and Energy Efficiency.

8 Q. Please describe your educational background.

9 A. In May of 1990, I received a Bachelor of  
10 Science degree in Marketing with emphasis in Finance from  
11 Jacksonville State University in Jacksonville, Alabama. I  
12 have attended numerous seminars and conferences on pricing  
13 issues, regulatory issues, marketing research, and energy  
14 efficiency.

15 Q. Please describe your business experience  
16 with Idaho Power.

17 A. I joined Idaho Power in January 1997 as a  
18 Pricing Analyst. In July 2001, my position evolved into a  
19 Senior Pricing Analyst and included preparing cost-of-  
20 service studies, development of the Company's tariffs, and  
21 performance of duties as a regulatory liaison for customer  
22 related issues. In February 2004, I became Manager of  
23 Customer Relations and Research (now referenced as Customer  
24 Relations and Energy Efficiency). In that capacity, I

1 manage staff members and activities associated with  
2 customer satisfaction, process improvement, and energy  
3 efficiency.

4 Q. What is the scope of your testimony in this  
5 proceeding?

6 A. My testimony will address the Company's  
7 energy efficiency efforts and customer relations  
8 activities.

9 ENERGY EFFICIENCY

10 Q. Please define energy efficiency as  
11 referenced by the Company.

12 A. Energy efficiency refers to the Company's  
13 activities involved with energy efficiency, demand  
14 response, and small scale renewable programs and  
15 initiatives.

16 Q. Why does the Company use the term "energy  
17 efficiency" instead of Demand-Side Management?

18 A. The Company intentionally refers to all the  
19 above-mentioned activities as "energy efficiency" because  
20 our research shows this term is generally understood by our  
21 customers. We incorporate energy efficiency terminology  
22 into our customer education efforts and program  
23 participation recruitment. When the Company is referring  
24 to a specific type of demand response, it is specific to

1 characterize management of electrical demand as  
2 appropriate.

3 Q. Will you be sponsoring any exhibits as part  
4 of your testimony?

5 A. Yes. I am including three exhibits as part  
6 of my testimony. Exhibit No. 11, titled *Energy Efficiency*  
7 *Programs Summary* provides an outline of current programs  
8 offered by the Company. Exhibit No. 12 is titled *Energy*  
9 *Efficiency and Demand Response Programs, Sectors, and*  
10 *Operational Type*. Exhibit No. 13 is a graph depicting the  
11 energy savings achieved by the ten largest  
12 utilities/program administrators in 2007 compared with  
13 2006.

14 Q. Please describe Idaho Power's objectives in  
15 promoting and implementing energy efficiency and demand  
16 response programs.

17 A. The Company's two main objectives for energy  
18 efficiency and demand response are: (1) to acquire all  
19 cost-effective resources in order to efficiently meet the  
20 Company's electrical system's needs and to provide  
21 customers with programs and (2) information to help them  
22 manage their energy and demand use and lower their bills.

23 Q. Has the Company made progress in promoting  
24 and implementing energy efficiency and demand response



1 The programs offered by the Company and the resulting  
2 energy savings have increased dramatically in recent years.

3 Q. Are there other indicators of the Company's  
4 increasing commitment to energy efficiency?

5 A. Yes. In pursuit of energy efficiency and  
6 demand response programs, the Company's Customer Relations  
7 and Energy Efficiency Department ("CR&EE") has grown  
8 significantly since the beginning of 2006. In January  
9 2006, the CR&EE department consisted of approximately 10  
10 employees. The CR&EE department now consists of 29  
11 employees, including two leaders with backgrounds in  
12 regulatory affairs, energy efficiency, customer analysis,  
13 program operation, and marketing. The department staff  
14 provides a diverse background of skill sets. Employees  
15 include engineers; employees with Leadership in Energy and  
16 Environmental Design certification; certified energy  
17 managers; analysts with advanced degrees in economics,  
18 business, and marketing; and marketing and advertising  
19 professionals. The addition of new staff has had a direct  
20 affect on increased energy efficiency savings and  
21 education. The department also has coordinators for each  
22 market segment: residential, commercial, industrial, and  
23 irrigation and customer satisfaction research.



1 defined by the Electric Power Research Institute End Use  
2 Technical Assessment Guide and the California Standard  
3 Practice Manual. For each test, if the benefit/cost ratio  
4 is greater than "1," the program is considered cost-  
5 effective.

6 Q. How does Idaho Power determine which energy  
7 efficiency or demand response programs to offer?

8 A. Since 2004, program planning has been part  
9 of the IRP process. This process occurs every two years  
10 and is used to identify energy and demand needs to reliably  
11 serve all retail customers in the Company's service  
12 territory. If energy efficiency and demand response  
13 programs are determined to be cost-effective, they are  
14 evaluated on an equal basis with supply-side resources to  
15 meet the identified demand and energy needs. The  
16 evaluation verifies if the program's costs and energy  
17 savings potential warrants inclusion in the Company's  
18 preferred resource portfolio.

19 Q. Does the Company implement new energy  
20 efficiency and demand response programs during the time  
21 period between each IRP?

22 A. The Company may implement new programs  
23 during the time period between each IRP if the new program  
24 is determined to be cost-effective, will provide energy

1 savings or demand reduction that will contribute to the IRP  
2 resource stack, and if market potential for energy  
3 efficiency exists. One tool the Company will utilize to  
4 guide program growth is an updated energy efficiency market  
5 potential study. This assessment will be used to determine  
6 where additional energy efficiency and demand response  
7 opportunities exist and will provide a basis for program  
8 expansion and new program development.

9 Q. Are programs offered to customers in each  
10 customer class or market sector?

11 A. Yes.

12 Q. Please describe the energy efficiency and  
13 demand response programs available to each sector of  
14 customers.

15 A. Programs available to residential customers  
16 include one demand response program, eight energy  
17 efficiency programs, and an educational initiative program.  
18 The commercial and industrial sectors have three programs  
19 available. The Company also provides a Commercial  
20 education program for this sector. Two programs are  
21 offered to the irrigation sector: a demand response  
22 program and an energy efficiency program designed to  
23 encourage replacement or improvement of inefficient systems  
24 and components. Exhibit No. 12 lists Idaho Power's energy

1 efficiency and demand response programs and Exhibit No. 11  
2 provides an overview of each program offered by the  
3 Company.

4 Q. Are there any additional programs identified  
5 for the residential marketplace?

6 A. Yes. At the May 13<sup>th</sup> Energy Efficiency  
7 Advisory Group meeting ("EEAG"), a Home Weatherization  
8 Pilot was discussed that will be launched this summer.  
9 This pilot will target customers who have income within  
10 151-250 percent of federal poverty level and may not be  
11 investing in energy efficiency and to offer established  
12 home weatherization improvements.

13 Q. Does the Company administer other energy  
14 efficiency programs that have not been previously  
15 mentioned?

16 A. Yes. The Company offers two small-scale  
17 renewable programs including the Green Power program and  
18 Net Metering. Green Power is a voluntary program for  
19 customers who wish to support certified green energy from  
20 renewable resources. Net Metering provides an option for  
21 customers to offset all or part of their electricity usage  
22 by operating their own small-scale renewable power  
23 generators. This program provides customers the  
24 opportunity to sell their excess generation to the Company.

1 Q. How many participants does Idaho Power have  
2 in the Green Power Program?

3 A. As of May 2008 the Company had 2,538  
4 residential customers and 112 commercial customers  
5 participating in the Green Power program.

6 Q. How many net metering customers does Idaho  
7 Power have?

8 A. As of May 2008 the Company had approximately  
9 48 residential customers and 12 non-residential customers  
10 participating in the net metering program.

11 Q. Does the Company participate in or offer  
12 efficiency-related activities other than the programs you  
13 mentioned?

14 A. Yes. The Company sponsors and participates  
15 in many organizations and community events that are  
16 directly related to energy efficiency efforts. For  
17 example, the Company is an active participant in the  
18 Northwest Power and Conservation Council's ("NWPCC")  
19 Regional Technical Forum, NEEA, Better Bricks, and the  
20 Consortium for Energy Efficiency. Company staff  
21 participates in many trade shows and community events such  
22 as the Idaho Green Expo, home and garden shows,  
23 agricultural shows, and has spoken to many civic and  
24 community groups as well as employers at their employee

1 meetings.

2           The Company is actively participating in several  
3 regional studies to identify and promote emerging  
4 technologies that may further enhance opportunities for new  
5 program deployment. Some examples include: a study managed  
6 by NEEA to determine efficient ways to design and operate  
7 distribution feeders through voltage regulators, a regional  
8 study to evaluate the energy savings potential of ductless  
9 heat pumps, and regional efforts to measure the impacts of  
10 light-emitting diode ("LED") lighting.

11           Q.       Is there opportunity for public input to the  
12 Company's energy efficiency planning process?

13           A.       Yes. Idaho Power relies on the input of the  
14 EEAG to provide customer and public interest guidance on  
15 energy efficiency program design and implementation  
16 strategies. The EEAG consists of 12 members spanning a  
17 cross-section of the public including residential,  
18 industrial, commercial, irrigation, the elderly, and low  
19 income customers; state agencies, including regulatory  
20 commissions; environmental and technical interests; and  
21 representatives from Idaho Power. The EEAG meets several  
22 times a year and has been instrumental in the development  
23 of Idaho Power's programs and studies since 2002.

1 Q. Are Idaho Power's energy efficiency programs  
2 proving to be successful?

3 A. Yes. Each program offered has provided  
4 benefits to the Company and to customers. Most programs  
5 provide monetary incentives for participants, while others  
6 target educational efforts and long-term energy saving  
7 opportunities. Increased participation in the Company's  
8 programs benefits all customers by using resources wisely  
9 and avoiding or delaying development of supply-side  
10 resources.

11 From an energy savings perspective, the Company's  
12 programs and initiatives saved 91,145 megawatt-hours and  
13 provided 57 megawatts of peak reduction across the  
14 Company's electrical system in 2007. Each sector  
15 contributed to the energy savings total. In 2007, the  
16 residential sector realized energy savings of 12,441  
17 megawatt-hours, commercial and industrial sectors saved  
18 37,790 megawatt-hours, and the irrigation sector provided  
19 12,304 megawatt-hours of energy savings. Other programs  
20 and activities, including LEEF, resulted in nine megawatt-  
21 hours savings. Additional energy savings were obtained  
22 through market transformation partnership activities with  
23 NEEA. NEEA estimated that 28,601 megawatt-hours were saved  
24 in the Company's service territory in 2007.

1           The Company is reviewing and evaluating several  
2 programs to ensure they are achieving levels of success  
3 consistent with program planning. Programs are changed as  
4 it is deemed necessary.

5           Q.       How do Idaho Power's recent energy  
6 efficiency activities compare with other regional utilities  
7 efforts?

8           A.       As depicted in Exhibit No. 13, according to  
9 the NWPCC, Idaho Power ranks third among the 10 largest  
10 northwest utilities or program administrators in annual  
11 savings of average megawatts from 2006 to 2007.

12          Q.       Do Idaho Power's energy efficiency  
13 activities contribute to customer satisfaction?

14          A.       Results of the Company's Customer  
15 Satisfaction Survey's have shown steady improvement over  
16 recent years as the percentage of customers who have a  
17 positive perception of the Company's energy conservation  
18 efforts has continued to increase. As depicted in Exhibit  
19 No. 14, customers' positive perception of the Company's  
20 conservation efforts increased from 39 percent in early  
21 2003 to 50 percent in late 2007. This represents a 28  
22 percent increase in positive customer perception.

1 CUSTOMER RELATIONS

2 Q. Please describe Idaho Power's continuing  
3 practice of surveying its customers about their levels of  
4 satisfaction.

5 A. Idaho Power has contracted with Burke, Inc.,  
6 to conduct quarterly customer relationship surveys since  
7 1995. These Burke surveys represent Idaho Power's primary  
8 customer relationship research. In addition to the Burke  
9 surveys, Idaho Power acquires the results of the annual  
10 J.D. Power and Associates Electric Utility Residential  
11 Customer Satisfaction Study. The J.D. Power and Associates  
12 study is used primarily as a benchmark to other electric  
13 utilities. As its name implies, the J.D. Power and  
14 Associates study is for residential customers only, as the  
15 number of Idaho Power commercial customers is not  
16 sufficiently voluminous at this point in time to qualify  
17 for a subscription to the J.D. Power's commercial customer  
18 study. Idaho Power also utilizes focus groups for  
19 project-specific qualitative research when the situation is  
20 appropriate. Examples of situations when the Company used  
21 focus groups in the past include getting a general sense of  
22 customer opinion prior to developing a comprehensive survey  
23 and getting qualitative feedback from customers on Idaho  
24 Power's website experience.

1 Idaho Power also conducts a transactional study for  
2 new construction projects. These surveys are conducted by  
3 Idaho Power personnel by making a follow-up phone call to a  
4 random selection of customers requiring line construction  
5 work by the Company. Surveys are tracked in a data base  
6 for reporting and trending purposes.

7 Q. Please describe the Company's customer  
8 satisfaction performance results in recent years.

9 A. Based on the Burke surveys, Idaho Power  
10 customers' satisfaction has steadily improved and the  
11 Company is experiencing levels of customer satisfaction at  
12 significantly higher levels than when we began measuring in  
13 1995. Results of the 2007 J.D. Power and Associates  
14 Residential study reflected very consistent performance by  
15 Idaho Power with regard to residential customer  
16 satisfaction at a time that many other utilities  
17 represented in the study demonstrated much more turbulent  
18 results.

19 Q. Please describe the Burke survey methodology  
20 and the resulting information made available to the  
21 Company.

22 A. Idaho Power provides a data file of randomly  
23 selected accounts to Burke, Inc., each quarter from four  
24 customer segments - residential, small and medium business,

1 large commercial and industrial, and irrigation. Annually,  
2 Burke surveys 400 residential customers, 200 small and  
3 medium business customers, 200 irrigation customers and  
4 approximately 100 large commercial and industrial  
5 customers. These customer sample numbers are large enough  
6 to supply statistically valid results. Surveys are  
7 conducted by telephone and an average survey takes  
8 approximately 15 minutes.

9           On a quarterly basis, Idaho Power receives results  
10 from Burke based on these customer interviews. Quarterly  
11 results include an overall index score, the Customer  
12 Relationship Index ("CRI"), as well as more detailed  
13 information in the form of average response data collected  
14 for numerous questions in six general categories: Company  
15 Image, Quality of Service, Cost & Pricing, Responsiveness  
16 to Customers, Communication and Billing and Payment.

17           Q.       What is Idaho Power's primary way of  
18 measuring its success in providing customer satisfaction?

19           A.       Idaho Power's primary measure for customer  
20 satisfaction is the CRI derived by Burke from quarterly  
21 customer surveys. The CRI is comprised of five key  
22 questions where customers, representing all customer  
23 segments, rate Idaho Power on each question on a scale of  
24 zero to four points. The five questions relate to overall

1 satisfaction, overall quality, overall value, likelihood to  
2 recommend Idaho Power, and perception of Idaho Power's  
3 caring attitude. For each customer a total score is  
4 computed for all five questions, ranging between zero and  
5 20 points. Each customer's individual score is divided by  
6 20 to determine a percentage for that customer. All  
7 individual customer data are accumulated to establish the  
8 overall CRI, which can range from a low of zero to a  
9 maximum of 100 percent. The CRI is the best single  
10 satisfaction measure available to Idaho Power because it  
11 depicts the customers' overall attitudes toward the  
12 Company. The CRI is based on research that is conducted at  
13 various points in time throughout the year. This  
14 eliminates the potential for any one event or circumstance  
15 to have a significant influence on the overall customer  
16 satisfaction levels. It is a statistically reliable  
17 measurement of customer opinions and it provides a  
18 historical trend that allows us to track our performance  
19 over time.

20 Q. Would you please describe the Company's  
21 customer satisfaction performance?

22 A. Idaho Power achieved a CRI of 82.95 percent  
23 for the 12 months ending first quarter of 2008. This  
24 reflects a substantial improvement in the CRI from the

1 80.75 percent from third quarter of 2005 as reported in  
2 preparation for the Company's last general rate case. Not  
3 only has the Company improved its overall customer  
4 satisfaction level since 2005, improvements have been made  
5 in every individual customer segment. The residential CRI  
6 has improved from 77.70 percent to 81.05 percent, small and  
7 medium business CRI has increased from 80.70 percent to  
8 82.65 percent, large commercial and industrial from 89.30  
9 percent to 90.35 percent and irrigation from 76.35 percent  
10 to 78.80 percent on a 12-month rolling average basis.  
11 Please refer to Exhibit No. 15 for a detailed  
12 representation of these results.

13 Q. How does Idaho Power utilize the information  
14 derived from these surveys and how are survey results  
15 communicated with Idaho Power employees?

16 A. There are several ways the research results  
17 are utilized and communicated in the Company. First is  
18 through the regional staff that has direct contact with  
19 customers. Idaho Power has four field positions titled  
20 Customer Relations Advisors that work closely with Regional  
21 leadership and employee groups. The Customer Relations  
22 Advisors responsibilities are twofold. The first is to  
23 follow-up with any individual customers that are identified  
24 as having an actionable situation that needs to be

1 addressed. These are customers that have either requested  
2 a follow-up on a particular issue from Idaho Power or have  
3 responded to questions in such a way that dissatisfaction  
4 with an aspect of service is apparent. The Customer  
5 Relations Advisors also communicate survey results and  
6 improvement opportunities to employees in their regions  
7 through team meetings. Second, the Company utilizes Market  
8 Segment Coordinators representing each of the customer  
9 segments as "champions" of their respected customer  
10 segments. These positions communicate customers' desires  
11 in process improvements and other ways to meet their needs  
12 throughout the Company. Finally, Idaho Power publishes  
13 survey results and improvement opportunity information  
14 identified in both the Burke surveys and the J.D. Power and  
15 Associates' study through internal publications to all  
16 active employees. In addition, Idaho Power sponsors an  
17 informational meeting about the results of the J.D. Power  
18 and Associates' study every year with Company leadership  
19 and representatives from J.D. Power and Associates. Idaho  
20 Power has also incorporated the CRI as the measurement for  
21 customer satisfaction in determining annual employee  
22 incentive payments.

23 Q. Does the Company have programs for serving  
24 customers with "special needs"?

1           A.       Since 2004, the Company has employed a  
2 program manager specifically focused on more sensitive  
3 groups of residential customers such as low income and  
4 senior citizens. This position manages the Weatherization  
5 Assistance for Qualified Customers program that, in  
6 conjunction with the Community Action Partnership agencies,  
7 provides a no-fee weatherization of electrically heated  
8 homes for low income-qualified residents. Today, the state  
9 guidelines for low income are 150 percent of the federal  
10 poverty level which is approximately an annual income of  
11 \$30,900 for a family of four. This program, historically  
12 referred to as Low Income Weatherization Assistance or  
13 LIWA, in 2007 served 397 homes and six non-profit buildings  
14 in Idaho, saving approximately 3,300 megawatt-hours of  
15 energy. As mentioned in the testimony above, this position  
16 has recently developed a Home Weatherization Pilot program  
17 aimed at customers with financial needs who may not be  
18 investing in energy efficiency. This program will launch  
19 this summer and is expected to focus on customers who are  
20 just above the low income limit (151 percent to 250 percent  
21 of federal poverty level) served by the Weatherization  
22 Assistance program. In addition to home weatherization,  
23 the program manager coordinates annual symposiums to bring  
24 together local energy assistance offices and utilities for

1 process sharing and improvement opportunities. This  
2 position also coordinates the Company's partnership with  
3 the Salvation Army through the Project Share program. In  
4 2006, the Company entered into a unique project to expand  
5 its reach for Project Share donations by partnering with a  
6 local coffee company and promoting specialty coffee and  
7 lemonade. With each sale, a donation is made to Salvation  
8 Army's Project Share. The program manager is also actively  
9 involved in administering the Gatekeeper program which  
10 utilizes Company field staff to support and assist  
11 vulnerable elderly people who need help but may be unable  
12 to get it for themselves. Other activities include  
13 participating in the annual Fort Hall Indian Reservation  
14 Energy Fair, Governor's Conference on Aging, and serves on  
15 the Policy Advisory Council to Department of Health and  
16 Human Services for Idaho's weatherization program.

17 Q. What comes from this involvement in the  
18 various outreach activities and committees?

19 A. By taking an active role in our communities  
20 and with those activities targeting customers with special  
21 needs, the Company is better able to serve special needs  
22 customers by understanding their needs and how best to  
23 serve them. This participation enables the Company to  
24 bring those ideas and understandings into our planning

1 process and ultimately serve those customers better.

2 Q. How else is Idaho Power involved with the  
3 communities it serves?

4 A. Idaho Power continues to work with our  
5 communities and to encourage employee participation in  
6 local activities. Idaho Power has five Community Relations  
7 Representatives ("CRRs") and five Community Education  
8 Representatives ("CERs") dedicated to working with the  
9 communities and schools to educate the public on energy  
10 usage, electrical safety, hydroelectric relicensing, and  
11 rate-related issues, to plan and manage growth, and to  
12 assist local economic development efforts with  
13 consideration to energy planning.

14 In addition, Idaho Power contributes annually (over  
15 \$184,000 contributed in 2007 alone) to community, civic,  
16 health, educational, and other non-profit organizations.  
17 These contributions are made on behalf of our shareholders  
18 and are not part of our current rate request.

19 The Company's employees are among the most giving in  
20 the region in both time and contributions. In 2007, Idaho  
21 Power employees donated over \$214,000 to charitable  
22 organizations and individuals in need. Idaho Power  
23 employees, families, and friends have a major impact on the  
24 local community through volunteering and they have set the

1 standard for several events. Idaho Power volunteers  
2 consistently raise the most money per employee for Idaho  
3 Public TV and have had the highest employee participation  
4 rate for years. Company employees are very active  
5 participants in the American Heart Association Heart Walk,  
6 in Rake Up Boise and Paint the Town, and in the Idaho Food  
7 Bank's "Take a Turkey to Work Day." Idaho Power employees  
8 also participate in numerous civic and community  
9 organizations, Chamber of Commerce events, scouting troops,  
10 and fund raisers.

11 Q. Why do you highlight Idaho Power's  
12 increasing levels of customer satisfaction and its  
13 employees' extensive community involvement?

14 A. Idaho Power's vision is to be regarded as an  
15 exceptional utility. Focusing on customer satisfaction and  
16 demonstrating our commitment to the communities we serve  
17 enables the Company to accomplish its vision.

18 Q. Does this conclude your testimony?

19 A. Yes.