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IDAHO PUBLIC
UTILITIES COMMISSION

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 REBUTTAL TESTIMONY

OF

THERESA DRAKE

1 Q. Please state your name.

2 A. My name is Theresa Drake

3 Q. Are you the same Theresa Drake that has
4 previously presented direct testimony in this case?

5 A. Yes I am.

6 Q. What is the scope of your rebuttal
7 testimony?

8 A. My testimony will address Staff Witness Mr.
9 Lynn Anderson's recommendation that the Commission defer a
10 prudence finding for Idaho Power's accumulated Demand Side
11 Management ("DSM") expenses. I will also respond to
12 several portions of Mr. Anderson's testimony that
13 incorrectly describe the completeness of the Company's
14 evaluations of its energy efficiency and DSM programs.
15 Finally, I will address the Company's concern that Mr.
16 Anderson is recommending a fundamental change to the
17 criteria used to evaluate the cost effectiveness of the
18 Company's DSM and energy efficiency programs.

19 I will also raise a concern regarding Mr. Tony
20 Yankel's testimony concerning the avoided capacity costs used
21 by Idaho Power.

22 It should be noted that any omission on my part in
23 addressing issues raised by any of these witnesses does not
24 indicate my concurrence with those issues.

1 I will also address Ms. Terri Ottens's
2 recommendation that Idaho Power fund more energy efficiency
3 education.

4 **PRUDENCY OF ENERGY EFFICIENCY/DSM EXPENSES**

5 Q. Why does the Company believe that the
6 prudency of DSM expenses should be determined in this
7 general rate case?

8 A. It has been five years since the Company
9 initiated the conservation rider to fund operation of the
10 Company's DSM and energy efficiency programs. As Mr. Gale
11 notes in his testimony, the Company has been informally
12 discussing with the Commission Staff the need for a
13 prudency review of the Company's DSM expenses. The
14 Company's desire to obtain such a review is consistent with
15 Staff comments presented in past Commission proceedings.
16 For example, on page 5 of Staff Comments in Case No. IPC-E-
17 08-12, the Mountain Home Airbase Cool Credits contract
18 case, Staff states: "Staff will analyze the reasonableness
19 of Idaho Power's planning, implementation and evaluation of
20 all of its energy efficiency and demand response programs
21 including this one, during the usual course of a future
22 rate case."

23 On page 10 of Comments of the Commission Staff in
24 Case No. IPC-E-08-03, the Company's recent filing to

1 increase the conservation rider rate, Staff states: ". . .
2 when reviews of program processes and results are required
3 for a prudency determination of past DSM efforts during
4 future rate cases"

5 Most significantly, it has been 5 years since the
6 conservation rider rate was initiated and the Company has
7 in place a full range of energy efficiency programs. It is
8 time for the Commission to confirm that these dollars have
9 been well spent.

10 Q. Do you agree with Mr. Anderson's assessment
11 in his testimony that there is not sufficient information
12 presented in this rate case to allow the Commission to
13 assess the prudency of the Company's DSM expenditures?

14 A. No, I do not agree with Mr. Anderson's
15 opinion on this issue. The Company has supplied a very
16 large amount of data in this case showing that its DSM
17 investments are prudent. In addition to the information
18 presented in this case, since 2003 the Company has provided
19 the Commission with numerous reports evaluating its DSM
20 activities such as the Annual Demand-Side Management
21 Report, which the Commission can and should consider in
22 this case.

23 Q. Mr. Anderson asserts on page 10 of his
24 testimony that, "Due in part to Idaho Power's late response

1 to production requests and other staff priorities, the
2 Company's DSM expenses from 2003 through 2007 were not
3 audited." Was the Company late in responding to Staff's
4 requests?

5 A. No. I believe that this is an unfair
6 characterization of the Company's responsiveness to Staff's
7 production requests. Staff's production requests asked for
8 hundreds of pages of information covering five years of
9 detailed information. Because Commission Staff and the
10 Company have been discussing the need for a prudency review
11 of DSM expenses for several years, the Company actually
12 expected an on-site audit of DSM expenses for the years
13 2003 through 2007 would have taken place.

14 More to the point of the question though, is whether
15 Commission Staff has been provided sufficient information
16 to determine prudency of DSM expenses incurred since 2003.
17 I believe they have. First, the Company believes that
18 through Mr. Anderson's active participation (since 2002) in
19 Idaho Power's Energy Efficiency Advisory Group ("EEAG"),
20 the Northwest Energy Efficiency Alliance ("NEEA") Board,
21 the NEEA Cost Effectiveness and Savings Expert Committee,
22 various other committees, and through various regulatory
23 proceedings, Mr. Anderson has been provided many forums and
24 dozens of opportunities to submit any and all questions

1 concerning prudence and to observe Idaho Power's
2 conscientious approach to pursue all cost-effective energy
3 efficiency and demand response resources.

4 In addition to the information provided in this
5 case, which I will address later in my testimony, the
6 Company has made numerous filings that have provided the
7 Commission and Commission Staff with thousands of pages of
8 detailed information concerning Idaho Power's Energy
9 Efficiency efforts.

10 Q. What are these filings?

11 A. Annually, the Company files its detailed
12 Demand-Side Management Report and has done this since 2002.
13 From 1989 to 2002, the Company filed its Conservation
14 Report annually. In compliance with Commission Order No.
15 30194, the Company annually files its Irrigation Peak
16 Rewards Report. The Company has provided detailed program
17 information with filings to either approve or modify
18 Schedule 23 (Irrigation Peak Rewards), Schedule 81
19 (Residential Air Conditioner Cycling Program, also know as
20 the AC Cool Credit), and Schedule 91 (Energy Efficiency
21 Rider). Idaho Power has also provided detailed energy
22 efficiency information in the 2004 Integrated Resource Plan
23 ("IRP") and the 2006 IRP.

1 Q. What about information provided in discovery
2 in this case?

3 A. In response to Staff Production Request No.
4 89, the Company provided a breakdown of annual and 5-year
5 total costs of all Idaho-funded energy efficiency and
6 demand response programs and initiatives.

7 In response to Staff Production Request No. 91, the
8 Company made available copies of all post-implementation
9 evaluations of all Idaho-funded DSM programs completed by
10 or for Idaho Power from 2003 through 2008. In Idaho
11 Power's response to Production Request No. 91, Idaho Power
12 provided electronic and paper copies of 29 studies and/or
13 evaluations conducted by third-parties of Idaho Power's
14 energy efficiency and demand response programs.
15 Additionally, Idaho Power made available 28 studies that
16 were conducted by third-parties or Idaho Power staff.

17 In response to Staff Production Request No. 96, the
18 Company provided post-implementation benefit/cost ("B/C")
19 ratio estimates from the Total Resource Cost ("TRC") and
20 the Utility Cost ("UC") perspectives for each Idaho-funded
21 DSM program for the years 2003 through 2007.

22 In response to Staff Production Request No. 98,
23 Idaho Power described its dynamic post-implementation B/C

1 ratio analysis, which is changed as new information becomes
2 available or as program changes are considered.

3 In all, the Company provided responses to 43 Staff
4 production requests and 6 supplemental requests. Staff's
5 requests for this data were received by the Company during
6 the last two weeks of the discovery period and the
7 responses were completed in an expedited manner. These
8 responses included detailed information spanning several
9 years for energy efficiency programs, cost-effectiveness,
10 planning, Company internal organization, staff salaries,
11 program promotional materials, and past and future program
12 evaluation.

13 I believe that Idaho Power has provided Staff with
14 more than an adequate amount of information to determine
15 prudence of specific energy efficiency and demand response
16 programs as well as overall DSM initiatives.

17 Q. Can you cite any specific examples in Mr.
18 Anderson's testimony where he claims that Idaho Power did
19 not provide specific pieces of information that were needed
20 to determine prudence of the Company's DSM expenditures?

21 A. Yes. Mr. Anderson claims that the Company
22 only provided some of the minutes for EEAG meetings that he
23 requested and needed to assess prudence. In Staff's
24 response to Idaho Power's Production Request No. 12, Mr.

1 Anderson now acknowledges that he has received all of the
2 approved EEAG minutes.

3 Mr. Anderson also infers that his investigation was
4 hampered by a lack of transparency of Idaho Power's
5 decision making process in regards to DSM spending.
6 Specifically, he is critical of the Company's inability to
7 provide him with records of the Company's internal Energy
8 Efficiency Guiding Council's meetings. Mr. Anderson
9 misunderstands the role of the Energy Efficiency Guiding
10 Council. The role of this Council, which has been in place
11 since the fall of 2007, is to provide a forum for high
12 level policy discussions between the Company's senior
13 management and its DSM staff concerning Energy Efficiency
14 activities. Mr. Anderson asked for the records of these
15 internal management meetings. As with most internal
16 meetings at Idaho Power, no minutes are kept. These
17 meetings provide a forum to align the Company's Energy
18 Efficiency efforts with those of the Company as a whole.
19 The results of decisions made in these meetings are
20 subsequently presented to the EEAG for their consultation
21 prior to final program design and implementation.

22 Q. Does Mr. Anderson provide any guidance as to
23 what additional information Staff needs to assess the
24 prudence of the Company's DSM programs?

1 A. In Mr. Anderson's response to Idaho Power's
2 Production Request No. 11, he states that he needs
3 additional information for all specific DSM programs except
4 Irrigation Peak Rewards, Weatherization Assistance for
5 Qualified Customers, and the Northwest Energy Efficiency
6 Alliance. He also indicated that he would not need more
7 information for the Custom Efficiency Program if
8 evaluations for all of the Custom Efficiency projects are
9 available.

10 Q. What is the status of the Custom Efficiency
11 project evaluations?

12 A. As the Company told Mr. Anderson in its
13 response to Staff's Audit Request No. 114, all of the
14 engineering analyses for Custom Efficiency projects are
15 available for Staff review.

16 Q. Has the Company provided Staff with
17 information on all its other DSM programs?

18 A. Idaho Power has provided Staff with adequate
19 information to assess prudence for all of its DSM programs.
20 For example, Idaho Power funded independent third-party
21 evaluations of the A/C Cool Credit program and/or the pilot
22 program that preceded it for the years 2003, 2004, 2005,
23 2006, and 2007. These reports have been provided to

1 Commission Staff along with numerous filings for approval
2 of this program offered under Rate Schedule 81.

3 Other programs Idaho Power offers have undergone
4 significant analysis and this information has been made
5 available to Staff. For example, the Energy Star[®] Homes
6 program is based on analysis originally developed by a
7 third-party contractor in 2004 and reviewed and changed in
8 2007 due to improved building codes in Idaho. This program
9 has had several market progress evaluations conducted by
10 the NEEA. Other examples include the Energy House Calls
11 and Rebate Advantage programs which were originally
12 developed by the Bonneville Power Administration ("BPA")
13 and are based on deemed energy savings through the
14 Northwest Power and Conservation Council's Regional
15 Technical Forum ("RTF"). Certain programs are still in
16 early stages of delivery. However, these programs are
17 developed using analyses from third-party contractors or
18 deemed savings for end use measures from credible sources
19 such as the RTF or the Database for Energy Efficient
20 Resources ("DEER Database"), the California Measurement
21 Advisory Council, the Consortium for Energy Efficiency, or
22 reports for other Northwest Utilities.

23 Q. Has Idaho Power previously received any
24 indication from Commission Staff or the Commission that it

1 was not conscientiously pursuing energy efficiency and
2 demand response resources?

3 A. No. In fact, on multiple occasions, the
4 Commission has indicated that Idaho Power was doing a good
5 job and encouraged the Company to expand its efforts.

6 In 2005, in Commission Order No. 29762, on page 10
7 the Commission states:

8 We are pleased to see that Idaho
9 Power's 2004 IRP calls for 124 MW of
10 demand response and energy efficiency
11 programs. Given the continuation of
12 drought conditions in Idaho, we believe
13 that speedy implementation of the DSM
14 and energy efficiency programs are
15 critical to serving Idaho customers.
16 Though we are pleased with the efforts
17 so far, we find that Idaho Power could
18 and should do more to implement
19 conservation. We encourage the Company
20 to actively promote and expand
21 participation in its AC Cycling,
22 Irrigation Peak Clipping, and other
23 cost-effective conservation programs.

24 In Commission Order No. 29784, issued in 2005, the
25 Commission states:

26 We join the Northwest Energy Coalition
27 and the Snake River Alliance, as well
28 as Commission Staff, in commending
29 Idaho Power for its efforts in
30 procuring cost-effective energy
31 efficiency programs and measures, and
32 treating DSM as a part of its overall
33 resource portfolio.

34 In Commission Order No. 30281, issued in 2007, the
35 Commission states: "We are also pleased that the Company

1 is expanding its DSM programs and increasing the amount of
2 renewable energy resources in its portfolio."

3 In Commission Order No. 30560, issued in 2008, the
4 Commission states: "Idaho Power has significantly
5 increased its DSM programs during the past six years, and
6 many more customers are participating in and seeing the
7 benefits from the Company's DSM programs."

8 Q. On page four of this testimony, Mr. Anderson
9 reiterates his position that there is not enough
10 information available now for a prudency review and it is
11 his belief that the Company is currently taking some
12 actions that will ensure that sufficient information will
13 be available in the near future. Is he correctly assessing
14 the situation?

15 A. No. First, I have previously testified that
16 the Company has provided sufficient information that would
17 allow the Commission to assess the prudency of the
18 Company's DSM expenditures. Second, I believe Mr.
19 Anderson's testimony regarding actions the Company is
20 taking to obtain more information is based on a
21 misunderstanding of the Company's response to Staff's
22 Production Request No. 94. This production request asked
23 the Company to "Please Describe any post-implementation DSM
24 program evaluations that are not yet completed, but are

1 currently in progress." The response described some on-
2 going evaluation projects the Company is conducting;
3 however, Mr. Anderson erroneously concluded that this means
4 the Company does not have sufficient information with which
5 Staff could complete a prudency review.

6 Q. In support of his conclusion that more
7 evaluation is needed, Mr. Anderson notes that the Company
8 has recently hired a full-time evaluator. Has the Company
9 hired a full-time evaluator?

10 A. Yes. But although the full-time evaluator
11 was hired on March 26, 2007, he was not needed to complete
12 the evaluation of current DSM programs. As previously
13 mentioned, evaluation activities commenced several years
14 ago. By adding a full-time evaluator to Idaho Power's
15 staff, the Company's objective is to enhance its evaluation
16 capability for future DSM programs.

17 Q. Do you agree that Mr. Anderson is unable to
18 determine prudency because of information that the Company
19 provided is incorrect or missing?

20 A. I think Mr. Anderson is perceiving problems
21 that may not really exist. For example, in support of his
22 assertion, some of the information needed for a prudency
23 review is not available, Mr. Anderson cites Idaho Power's
24 Appendix 2 in the 2007 DSM Annual report as being defective

1 because it mixes funding sources for Energy Efficiency
2 expenses. While an initial review could lead to that
3 conclusion, a closer analysis would show that all of the
4 funding sources are delineated in separate columns so the
5 reader can differentiate which funding comes from what
6 source. Only the totals have mixed funding sources. The
7 reader could easily sum whichever columns desired.

8 Q. What is your response to Mr. Anderson's
9 statement that the amounts shown on Staff Exhibit No. 149
10 are not 100 percent accurate?

11 A. Staff Exhibit No. 49 is a copy of an
12 appendix to the Company's Demand-Side Management 2007
13 Annual Report, entitled "2007 DSM Expenses by Funding
14 Source." This appendix is 100 percent accurate. The
15 example that Mr. Anderson cites as "a significant missing
16 piece of an additional \$380,000 amount due to the Northwest
17 Energy Efficiency Alliance (NEEA)" is not missing from
18 Appendix 2. Appendix 2 is titled "2007 DSM Expenses by
19 Funding Source" and the dollar amounts shown are the actual
20 expenses. In Appendix 1 of the Demand-Side Management
21 Annual Report, entitled "Idaho Rider, Oregon Rider, BPA,
22 and NEEA Funding Balances," the NEEA Payments and Escrow
23 Credit Funds are broken out and, when necessary, footnoted
24 for clarity.

1 Q. Mr. Anderson states that the cost-
2 effectiveness ratios included in Staff's Exhibit No. 148
3 are preliminary. Is this a correct interpretation of the
4 information?

5 A. No. These cost-effectiveness ratios were
6 calculated using the costs and saving metrics provided in
7 the Demand-Side Management Annual Report filed with the
8 Commission.

9 Q. Mr. Anderson takes issue with Idaho Power's
10 method of reporting annual energy savings both in your
11 testimony and in the Company's Demand-Side Management
12 annual reports. Is Mr. Anderson's criticism valid?

13 A. No. The methods the Company uses in
14 reporting annual savings follow industry standards and are
15 identical to the methods used by other utilities and
16 regional groups who report energy efficiency savings. The
17 Company's methodology also aligns with the methods used in
18 reporting other data in the rate case process, where
19 financial information is annualized. As matter of
20 bookkeeping procedure, the Company ties expenses to savings
21 for reporting purposes. If the Company were to follow Mr.
22 Anderson's theory of reporting, it would be necessary to
23 report partial year's savings at the beginning of each
24 measure life as well as at the end of each measure life.

1 Many programs have multiple measures. One of the Company's
2 programs alone has over 120 measures. Mr. Anderson's
3 preferred method of reporting annual savings is not
4 practical. It would be impossible to track savings by the
5 mid-year completion of each measure in the first year and
6 consequently at corresponding mid-year end of the measure
7 life.

8 Q. Do you agree with Mr. Anderson's
9 recommendation that the cost-effectiveness of DSM programs
10 should be judged by comparison to alternative DSM costs and
11 not to supply-side resources?

12 A. No. While the Company believes that each
13 DSM program or initiative should be managed as cost-
14 effectively as possible, numerous prior Commission orders
15 direct the Company to pursue all cost-effective DSM
16 programs and provide these programs to all customer
17 sectors. That is why the Company is concerned by Mr.
18 Anderson's statement(s) that the applicable cost-
19 effectiveness test is one that judges one DSM program by
20 comparing it to other DSM costs. If that really is Mr.
21 Anderson's position, he is recommending that the Commission
22 change the rules in the middle of the process. If the
23 decision of which DSM programs are to be offered is based
24 on a ranking of the cost-effectiveness of programs, many

1 programs, particularly in the residential sector, would
2 never be offered. It is generally accepted that the most
3 cost-effective programs are in the industrial sector while
4 the least cost-effective are in the residential sector.

5 Q. Can you explain how you conclude that the
6 Commission desired that the Company pursue all cost
7 effective DSM, not just the most cost-effective?

8 A. Yes. I look to prior Commission orders
9 specifically addressing this issue. Commission Order No.
10 29065, issued in 2002, on page 8 states:

11 The Commission anticipates that Idaho
12 Power and the Energy Efficiency
13 Advisory Group will create and
14 implement a balanced portfolio of DSM
15 programs for all customer classes over
16 the long-term. In the short term,
17 however, Idaho Power and the Advisory
18 Group shall have the flexibility to
19 focus on different classes during
20 different years if necessary to achieve
21 the most cost-effective energy
22 conservation in the shortest amount of
23 time. We expect this result-oriented
24 approach to be the primary guide for
25 initial program selection, regardless
26 of which customer class(es) will
27 directly benefit. The energy savings
28 generated by such an approach will
29 indirectly benefit all ratepayers as
30 more class-specific DSM programs are
31 implemented over time. As more DSM
32 funds become available, the Commission
33 expects that Idaho Power and the
34 Advisory Group will ensure that
35 specific programs are targeted toward
36 each specific customer class -
37 including industrial facilities. The

1 Commission anticipates that DSM
2 expenditures will balance out among the
3 customer classes over time and will
4 review DSM expenditures annually to see
5 that a fair result is achieved.

6 Commission Order No. 28722, issued in 2002, states:

7 ". . . basic fairness demand that all rate classes be
8 afforded the opportunity to enjoy the benefits of guided
9 conservation and efficiency improvements . . ." and
10 continues, ". . . in particular, the Company should
11 consider addressing conservation proposals for residential
12 customers in the highest block rate that typically use
13 electric space heating."

14 Commission Order No. 28894, issued in 2001, on page
15 7 directs the Company as follows: ". . . the Commission
16 orders Idaho Power to form the Energy Efficiency Advisory
17 Group and establish a plan for implementing long-term DSM
18 programs . . ." and continues, "To screen the cost-
19 effectiveness of potential DSM projects, the advisory group
20 shall use the following tests: total resource cost, utility
21 cost and participant cost." The calculations of the TRC
22 and the UC, as defined by the *EPRI End-Use Technical*
23 *Assessment Guide* ("End-Use TAG"), Volume 4 and the
24 *California Standard Practice Manual: Economic Analysis of*
25 *Demand-Side Programs and Projects*, both utilize avoided
26 supply side costs as a benefit and increase supply side

1 costs as a cost in the calculations. By the very nature of
2 these tests they are comparing DSM programs to supply side
3 alternatives.

4 Commission Order No. 28784, issued in 2005, on page
5 6 states:

6 However, our approval of the increase
7 in funding is done with the expectation
8 that there will be faster deployment of
9 programs, not a further accumulation of
10 funds. Idaho Power should pursue
11 additional, cost-effective DSM programs
12 as quickly as it is reasonably able to
13 do so.

14 The Order does not state the Company should pursue
15 only the most cost-effective DSM programs nor does the
16 order direct the Company to somehow rank the programs for
17 deployment based on levels of cost-effectiveness.

18 In Commission Order No. 29762, issued in 2005, on
19 page 5 and 6 states:

20 The Staff was pleased that the 2004 IRP
21 reflects renewed emphasis on cost-
22 effective DSM programs. Implementation
23 of effective DSM programs mitigate the
24 need for more supply-side resources. .
25 . . However, the Staff expressed some
26 disappointment that the Company did not
27 include two other efficiency programs
28 that were demonstrated to be cost
29 effective. . . .

30 Commission Order No. 30281, issued in 2007, on page
31 7 states:

1 While the 2006 IRP demonstrates a
2 higher commitment to DSM efforts than
3 in the past, Staff believes that the
4 Company does not yet propose to pursue
5 all cost-effective DSM opportunities
6 and incorporate associated energy and
7 peak demand savings into its
8 determination of new supply-side
9 resources needs.

10 Commission Order No. 30560, issued in 2008, on page
11 5 states:

12 Even if the Company's DSM program costs
13 increase, all cost-effective DSM
14 programs will delay the need to
15 construct new, costly generation
16 facilities. This delay in new
17 investment and facilities will benefit
18 all Idaho Power Customers.

19 Q. What conclusion do you draw from these
20 Commission Orders and Staff Comments?

21 A. That the Commission expects Idaho Power to
22 pursue all cost-effective (as compared to supply-side
23 resources) DSM opportunities. I see no indication that the
24 Company is supposed to pursue only the most cost-effective.

25 Q. What is Idaho Power's current policy
26 concerning DSM opportunities?

27 A. As stated in numerous filings, publications,
28 and my direct testimony, the Company's two main objectives
29 for energy efficiency and demand response are: (1) to
30 acquire all cost-effective resources in order to
31 efficiently meet the Company's electrical system's needs

1 and (2) to provide customers with programs and information
2 to help them manage their energy and demand use and lower
3 their bills.

4 Q. Do you agree with Mr. Anderson's statement
5 that it is increasingly important that the utilities, other
6 parties, and the Commission have clear concepts of what
7 constitutes DSM prudence?

8 A. Yes. I believe that not only is it
9 important that all parties have a clear concept of what
10 constitutes DSM prudence but that this standard be applied
11 consistently among all utilities under the Commission's
12 jurisdiction. Idaho Power bases much of its concepts of
13 what constitutes prudence on previous Commission orders,
14 including orders issued to other Idaho electric utilities.
15 The Company believes that if it complies with Commission
16 orders, not only literally but in the spirit of the orders,
17 the Company's DSM expenditures should be judged prudent.

18 Q. Based on historic Commission orders, what do
19 you conclude the Company needs to show the Commission to
20 demonstrate the prudence of its DSM expenditures.

21 A. Based on Commission Order No. 29065, issued
22 in 2002, on page 8, I believe the Commission expects Idaho
23 Power to form and maintain a DSM advisory group, the EEAG,
24 as a forum with which to establish and plan for

1 implementation long-term DSM programs. With the assistance
2 of the EEAG, Idaho Power is expected to offer Energy
3 Efficiency and Demand Response programs to all customer
4 groups. I believe that the Company and the EEAG are
5 expected to design and implement these programs cost-
6 effectively as compared to supply-side resources and to
7 pursue all cost-effective energy efficiency and demand
8 response resources. I believe that the Commission expects
9 the Company to utilize the TRC and the UC test to determine
10 cost-effectiveness. However, I believe that the Commission
11 expects these tests to be used merely as guidelines that
12 should not be used to exclude projects that may be
13 desirable as good public policy.

14 Q. Do you believe the Company has complied with
15 this measure of prudence in its DSM expenditures?

16 A. Yes.

17 Q. Do you have any further comments concerning
18 Mr. Anderson's testimony?

19 A. I have two final comments. First, as
20 mentioned earlier, Mr. Anderson participates in EEAG and
21 other forums as a representative of the Commission and/or
22 its Staff. Specifically, as a member of EEAG, the Company
23 relies on this active participation to provide perspective,
24 guidance, and to assist the other members to "shape" the

1 design and management of the Company's energy efficiency
2 efforts by contemplating appropriate program design and
3 parameters. By this participation, the customers of Idaho
4 Power are assured complete representation not only by
5 members of each customer class and environmental interests,
6 but also by the public utilities commissions. It also
7 provides a forum to supply information to and revenue
8 information from the Commission Staff concerning the
9 Company's energy efficiency efforts strategy. Finally, the
10 Company assumes the Commission Staff will use the EEAG to
11 informally advise the Company if the Staff disagrees with
12 the direction and execution of the Company's energy
13 efficiency efforts. It is important to the Company that
14 Commission Staff fully engage in advisory activities.

15 Second, it is important to note that the continued
16 deferral of a prudency review of years of energy efficiency
17 efforts and expense presents an element of uncertainty that
18 can have unintended adverse affects on EEAG members,
19 customers, trade allies, and employees involved in the
20 success of energy efficiency programs. Such deferral can
21 have a chilling effect because it casts doubt on the
22 meaningful work that has been performed to date and the
23 energy savings yet to be experienced.

1 AVOIDED CAPACITY COSTS CITED BY TONY YANKEL

2 Q. On page 31, lines 19-20 of Mr. Yankel's
3 testimony, he states, "Based upon these options that IPCo
4 is pursuing, the \$98/kW-year figure is a good
5 representation of the avoided cost of a program like the
6 Irrigation Peak Rewards program." Do you agree with this
7 statement?

8 A. No. In his testimony, Mr. Yankel cites as
9 his basis for comparison the capacity costs for three
10 separate resource categories listed in Idaho Power's 2006
11 IRP. The "comparable" resources selected by Mr. Yankel
12 include a 50 MW Geothermal resource, a 100 MW Wind
13 resource, and three energy efficiency resource options. He
14 wrongly concludes that based on the capacity costs of these
15 resources, the \$98/kW-year figure used by Rocky Mountain
16 Power is reasonable for Idaho Power. However, wind,
17 geothermal, and energy efficiency resources are typically
18 not thought of as peaking resources. In fact, none of the
19 resources used by Mr. Yankel in his comparison provides
20 dispatchable peaking capacity, so a comparison to these
21 costs is not valid.

22 The capacity cost associated with the proposed
23 dispatchable irrigation demand response program referenced
24 by Mr. Yankel should more appropriately be compared to the

1 levelized cost for a simple cycle combustion turbine. Page
2 68 of Technical Appendix D of the 2006 IRP states that
3 levelized cost factors applied to a 162 MW simple Cycle
4 Combustion Turbine plant is \$64.92 per kW-year. This
5 amount includes capacity costs and fixed O&M.

6 Q. On page 32, lines 4-5 of Mr. Yankel's
7 testimony, he states, "Collectively, these cost should be
8 substantially below the \$98 per kW benefit that was
9 calculated for a similar program for PacifiCorp." Do you
10 agree with this statement?

11 A. Yes, this is true. However, Idaho Power's
12 measure of cost-effectiveness for a demand response program
13 is that all the costs Mr. Yankel cited need to sum to less
14 than \$64.92 per kW/year as published in the Company's 2006
15 IRP.

16 **FUNDING FOR ENERGY EFFICIENCY EDUCATION**
17 **AS RECOMMENDED BY TERI OTTENS**

18 Q. Ms. Ottens is proposing that the Company
19 fund a low-income energy conservation education program and
20 provide additional energy conservation resource materials.
21 Has Idaho Power provided energy efficiency education
22 materials to the agencies working with low-income
23 customers?

1 A. Yes. Energy efficiency education is an
2 important tool the Company uses to assist customers in
3 modifying their homes and behavior to achieve energy
4 savings. Idaho Power provides its customers with various
5 types of written information, such as brochures giving
6 winter and summer energy conservation tips, energy
7 management booklets, and coloring books for children themed
8 with energy conservation. These written materials are
9 distributed to a variety of resource outlets, including
10 senior centers and community action agencies. In addition,
11 the Company has offered to make available resources such as
12 a CD/DVD on energy efficiency for the agencies to use in
13 the waiting room while energy assistance clients are
14 waiting for an agency representative. It is the Company's
15 understanding that the Department of Energy also provides
16 agencies with similar information; however, the Company
17 stands ready to provide more of these materials if desired
18 by the agencies.

19 Q. Are there other methods the Company uses to
20 distribute this information?

21 A. Yes. The Company employs a group of
22 employees, Community Education Representatives, that are
23 charged with educating the public on a variety of energy
24 issues, including energy conservation. They target their

1 efforts toward all audiences, with an emphasis on
2 elementary schools and senior citizen centers.

3 Q. Is there a case currently pending before the
4 Commission in which the Commission is considering an
5 expansion of funding for energy conservation education?

6 A. Yes. In Case No. IPC-E-08-11, the
7 Commission established a forum to examine how \$500,000 of
8 energy education funds could best be utilized to advance
9 energy efficiency education.

10 Q. How does this case relate to Ms. Ottens's
11 request for additional energy efficiency education funding?

12 A. With the IPC-E-08-11 case currently pending
13 and the recent Commission-sponsored workshops and other
14 activities relating to energy affordability moving forward
15 in Case No. GNR-U-08-01, it seems premature to consider
16 additional education funding in this case before a decision
17 is made in the other two proceedings.

18 Q. Does this conclude your testimony?

19 A. Yes.