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November 28, 2008

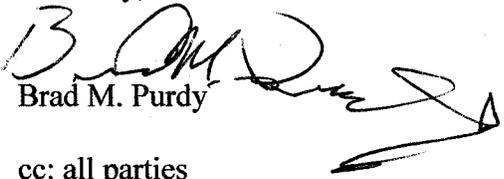
Ms. Jean Jewell
Commission Secretary
Idaho Public Utilities Commission
472 W. Washington St.
Boise, ID 83702

RE: Case No. IPC-E-08-10 – Revised testimony of Teri Ottens on behalf of CAPAI

Dear Ms. Jewell:

Enclosed, please find an original and seven copies of the Revised Direct Testimony of Teri Ottens. The existing testimony contains two formatting errors. The “Q” on line 1 of page 5 should be an “A” and the “A” appearing on line 15, page 6 should be deleted. These changes do not alter the pagination of the previously filed testimony nor are they substantive. I have also provided an electronic version for the court reporter. Thank you for your cooperation in this matter.

Sincerely,


Brad M. Purdy

cc: all parties

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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

12 IN THE MATTER OF THE APPLICATION OF)
 13 OF IDAHO POWER COMPANY FOR AUTHORITY) CASE NO. IPC-E-08-10
 14 TO INCREASE ITS RATES AND CHARGES)
 15 FOR ELECTRIC SERVICE TO ELECTRIC)
 16 CUSTOMERS IN THE STATE OF IDAHO)

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COMMUNITY ACTION PARTNERSHIP ASSOCIATION OF IDAHO
DIRECT TESTIMONY OF
TERI OTTENS
 [Revised]

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I. INTRODUCTION

Q: Please state your name and business address.

A: My name is Teri Ottens. I am the Policy Director of the Community Action Partnership Association of Idaho headquartered at 5400 W. Franklin, Suite G, Boise, Idaho, 83705.

Q: On whose behalf are you testifying in this proceeding?

A: The Community Action Partnership Association of Idaho ("CAPAI") Board of Directors asked me to present the views of an expert on, and advocate for, low income customers of IDAHO POWER. CAPAI's participation in this proceeding reflects our organization's view that low income people are an important part of Idaho Power's customer base, and that these customers will be adversely impacted by the proposed changes to the Company's electric service schedules.

Q: Please describe CAPAI's organization and the functions it performs, relevant to its involvement in this case.

A: CAPAI is an association of Idaho's six Community Action Partnerships, the Community Council of Idaho and the Canyon County Organization on Aging, Weatherization and Human Services, all dedicated to promoting self-sufficiency through removing the causes and conditions of poverty in Idaho's communities.

Q: What are the Community Action Partnerships?

A: Community Action Partnerships ("CAPs") are private, nonprofit organizations that fight poverty. Each CAP has a designated service area. Combining all CAPS, every county in Idaho is served. CAPS design their various programs to meet the unique needs of communities located within their respective service areas. Not every CAP provides all of the following services, but all work with people to promote and support increased self-sufficiency. Programs provided by CAPS include: employment preparation and dispatch, education assistance child care, emergency food, senior independence and support,

1 clothing, home weatherization, energy assistance, affordable housing, health care access,
2 and much more.

3 Q: Have you testified before this Commission in other proceedings?

4 A: Yes, I have testified on behalf of CAPAI in numerous cases involving PacifiCorp, Idaho
5 Power Company, AVISTA, and United Water.

6 II. SUMMARY

7 Q: Please summarize your testimony in this case?

8 A: First, CAPAI is concerned that there are a considerable number of customers sitting on
9 the margin of becoming low-income, or at the margin of being able to even pay their
10 utility bills. A rate increase of 15%, especially those who rely on electric space heating,
11 could prove devastating. Along these lines, CAPAI proposes an adjustment to Idaho
12 Power's proposed first tier block rate for residential customers.

13 Second, CAPAI proposes an increase in funding to Idaho Power's low-income
14 weatherization program.

15 Third, CAPAI proposes that Idaho Power implement an energy efficiency
16 education program to low-income customers as described herein.

17 Fourth, CAPAI recommends that Idaho Power provide monthly arrearage reports.

18 III. RECOMMENDATIONS

19 Q: Why has CAPAI intervened in this particular proceeding?

20 A: CAPAI is concerned that the combined proposed increases in fees and rates will add to
21 the already unwieldy energy cost burden that low income families in Idaho face,
22 particularly in these uncertain economic times. This is of significant importance to low-
23 income Idaho customers and those who must provide services to them.

24 Q: Can you provide poverty statistics for Idaho?
25

1 A: According to the Idaho Department of Commerce, 12.6% of the State's population, when
2 using the 2006 Census data, falls within federal poverty guidelines and an additional
3 12.4% fall within the state guidelines set at 150% of poverty levels. The 2006 Census
4 reveals that those living in poverty are categorized as 8.7% elderly, 15.1% children, 9.8%
5 all other families, 28.5% single mothers and 26.4% all others.

6 Q: How does this translate to energy "affordability?"

7 A: According to the U.S. Department of Energy, the "affordability burden" for total home
8 energy is set nationwide at 6% of gross household income and the burden for home
9 heating is set at 2% of gross household income. In Idaho, there was a gap in the
10 2006/2007 heating season of over \$123 million between what Idahoans can afford to pay
11 (based on federal standards) for energy and what they actually paid. While this gap
12 increased by \$26.7 million from the previous year, the LIHEAP funding only increased
13 by \$1.8 million. Currently, the LIHEAP program sends approximately \$12.2 million
14 (for energy assistance, weatherization and administration) to Idaho.

15 Q: How do these increases proposed by Idaho Power directly impact its low-income
16 customers?

17 A. Due to Idaho Power's lack of low income data tracking CAPAI cannot precisely answer
18 this question. However we believe that this rate increase, coming on top of past recent
19 increases and the recent cost of living increases in food and fuel will have a significant
20 impact upon our customers. Already, without this increase, the CAP's serving Idaho
21 Power's territory have seen an approximate 25% increase in calls for assistance and many
22 of these are from "new" clients, or those never seen before asking for assistance. The
23 additional burden caused by an over 15% increase in utility rates will only increase the
24 needs of those in poverty or on the edge.

25 Q. What does CAPAI feel could assist this customer base?

1 A: CAPAI is most concerned about the level of the rate increase proposed by Idaho
2 Power and the proposed tier structure for the residential class. The proposed rate increase
3 of over 15% will present a deepening burden on low income families and cause a rate
4 shock for even those living on the margin of poverty. We know that low income
5 customers have a higher energy burden and that they are the group of customers most
6 likely to be disconnected due to non-payment, particularly after the winter months when
7 their burden is highest, and that the impact of increased fees will be significant upon this
8 customer group.

9 We also have concerns about the proposed tier levels. By Idaho Power's own
10 testimony an average monthly residential customer's energy use is 1,065 kWh (in 2007).
11 According to Company witness Courtney Waites, the U.S. Departments of Housing and
12 Urban Development estimates that the "baseline" level of electricity usage (only lighting
13 and basic, home appliances) nationwide ranges from 700-850 kWh per month, not
14 including space heating or air conditioning. Witness Waites believes that even this is too
15 low and estimates, by relying upon average spring and fall usage, a baseline load for
16 Idaho Power's customers is 806-838 kWh/mo. *Testimony of Courtney Waites, pp. 10-11.*
17 As a result, witness Waites proposes increasing the existing first tier from 300 to 600
18 kWh. While CAPAI commends Idaho Power for recognizing the disparity between
19 actual baseline usage, not even including heating or air conditioning, and the amount
20 included in the tier, a movement to only 60% of actual baseline load is not adequate to
21 recognize those whose usage of electricity is at a bare minimum and fails to send the
22 proper incentive to those who are slightly above baseline usage to reduce their
23 consumption to fall entirely or almost entirely within the cheaper first tier, thereby which
24 would promote energy conservation.
25

1 Instead, the Company proposes a rate tier at 600 kWh which indicates that no
2 matter how much one conserves, they will not likely come in under this tier, particularly
3 if they rely upon electric heat and/or air conditioning. If the purpose of the tier was to
4 promote conservation, it should be set at a higher level so as to be attainable. In addition,
5 while the Census does not correlate age of housing with income of tenants, through the
6 CAP's extensive statewide experience, we find that low income families are most likely
7 to be located in housing that is aging because this housing is the least expensive to rent or
8 buy. Aging housing equates with less energy efficient construction and in some cases, no
9 energy efficiency measures at all. While a low income family might be interested in
10 conservation measures and, in fact, may even be trying to implement such measures, the
11 likelihood of success without extensive resources is small. The conclusion is that these
12 families will, in most cases, be unable to stay under the tier level proposed by the
13 Company to avail themselves of the best rates. If the level is set at an unreasonably low
14 level then low income families generally will not benefit from this proposal.

15 One of the programs that help low income customers to reduce their utility bill is Idaho
16 Power's highly successful weatherization program. This program allows the CAP's to
17 provide energy efficiency measures to a home, not only reducing the electric bill but
18 providing a long term solution by continuing to reduce electric costs in the future. We
19 believe that increasing this program funding to allow for weatherization of more low
20 income homes would be highly desirable (currently only 10% of the homes receiving a
21 LIHEAP benefit are weatherized). Since the last major increase implemented by Idaho
22 Power in 2004, with a few exceptions, the funds currently being offered by Idaho Power
23 have been exhausted by our agencies. In the agencies where they have not been
24 exhausted there have been extenuating circumstances. These have included:
25

1 1) In the first year of the program, agencies had to ramp up their staff and
2 application process to meet the new revenue levels. This took some agencies more time
3 than other to get up to speed.

4 2) Because other funding resources are time specific (in that they must be spent
5 in specific time periods) and the Idaho Power funding is more flexible, agencies have
6 purposely and strategically carried over funds from one year to another to make up for
7 anticipated funding gaps. This has enabled them to keep crews working year round.

8 However, with an anticipated increase in federal funding, CAPAI proposes that
9 Idaho Power increase its weatherization funding through phased program over three
10 years, to accommodate the growth capabilities of each agency.

11 Q: Why should this Commission approve an increased level of weatherization funding for
12 Idaho Power.

13 A: The answer to that is several-fold. First, low-income weatherization has proven to be a
14 cost effective resource for Idaho Power. This addresses resource needs for the Company,
15 while having the added benefit of assisting low-income customers. Weatherization
16 constitutes a true resource acquired at a favorable price. Currently, there are literally
17 thousands of households that otherwise qualify and could benefit for and from the
18 program but for whom there are insufficient funds to provide them the opportunity of
19 giving to, and benefitting from, the program. Thus, there is a significant back log of
20 eligible residences to be weatherized and inadequate funding to accomplish this.

21 Thus, while CAPAI believes that Idaho Power's low-income weatherization
22 program is quite successful and constitutes a cost effective conservation program, there
23 remains a considerable amount of relatively low-cost energy to be tapped by the program.

24 Q: What amount of increase and level of low-income weatherization funding do you propose
25 that Idaho Power adopt?

1 A: I propose a three-year phase in to the following annual, total amount of funding:

2 2010 - \$1.5 million

3 2011 - \$1.75 million

4 2012 - \$2.05 million

5 Q: Will the foregoing increase in low-income weatherization funding eliminate the backlog:

6 A: No. It will certainly contribute toward the problem, but will fall well short of eliminating
7 it.

8 Q: Is there another program that Idaho Power could implement that would benefit the
9 Company's low-income customers?

10 A: Yes. A second program that has been tied to weatherization is the provision of energy
11 efficiency education. Currently only those homes qualifying for weatherization
12 assistance currently receive such education. The expansion of energy efficiency
13 education to more low income homes receiving LIHEAP would help those homes to
14 reduce their energy burden, thereby reducing their individual bill amounts. Currently
15 only 10% of homes receiving LIHEAP receive this education. Consequently we believe
16 that the company could assist in funding a low income energy conservation education
17 program in the amount of \$25,000 annually for each agency in its service territory, for a
18 total of \$125,000.00 annually, to bring this education directly to those most in need.

19 While we commend the education programs Idaho Power already has in place, we also
20 recognize that a household in trouble may not take time to read a bill stuffer on
21 conservation. In addition, without resources, or help in finding resources, to implement
22 conservation measures the current program has minimum impact on the low income
23 families it serves. CAPAI believes education to be a highly effective mechanism for
24 reducing energy demand, thereby providing system-wide benefit to all ratepayers.

25 Q: Has any other electric utility implemented a program of the nature described above?

1 A: Yes. As part of the settlement in the most recent AVISTA rate case (AVU-E-08-01),
2 AVISTA agreed to implement a conservation education program as I describe above.
3 AVISTA agreed to fund the program in the amount of \$25,000.00.

4 Q: Why are you proposing a greater amount of funding for Idaho Power?

5 A: The conservation information that will be provided to customers under this program take
6 place in person and are administered by the CAP agencies. There is only one CAP
7 agency in AVISTA's service territory. There are five CAP agencies operating in Idaho
8 Power's service area. Furthermore, Idaho Power has roughly 4-5 times as many Idaho
9 customers as AVISTA. My proposal for Idaho Power, therefore, is relatively equal with
10 that agreed to by AVISTA.

11 Q: In your opinion, will this program have system-wide benefits? Yes. Like any other cost-
12 effective conservation program, such as Idaho Power's low-income weatherization
13 program, the implementation of the proposed conservation education program will
14 constitute a cost effective energy resource.

15 Q: Are there other measures that the Company can take to assist low-income customers?

16 A: CAPAI also recognizes that while it is unrealistic for Idaho Power to track low income
17 customers (other than LIHEAP recipients) due to privacy issues that there are current
18 tools to assist in recognizing trends, we propose that a monthly arrearage report be
19 compiled and provided to all interested parties so that CAPAI can stay on top of these
20 trends without waiting for a rate case to obtain this information. PacifiCorp currently
21 provides this information. In addition, a further condition of an arrearage study, similar
22 to that provided by PacifiCorp is that Idaho Power would attempt to identify past trends,
23 possible causes and solutions regarding the problem of arrearages

24 IV. CONCLUSION

25 Q: Does that conclude your testimony?

1 A: Yes it does.

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on the 28th day of November, 2008, I caused to be served the foregoing COMMUNITY ACTION PARTNERSHIP ASSOCIATION OF IDAHO'S REVISED DIRECT TESTIMONY OF TERI OTTENS via email. Hard copy via U.S. Mail will follow.

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