

BEFORE THE

RECEIVED

2008 OCT 24 PM 3:27

IDAHO PUBLIC UTILITIES COMMISSION

IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION )  
OF IDAHO POWER COMPANY FOR )  
AUTHORITY TO INCREASE ITS RATES )  
AND CHARGES FOR ELECTRIC SERVICE )  
TO ELECTRIC CUSTOMERS IN THE STATE )  
OF IDAHO. )

CASE NO. IPC-E-08-10

DIRECT TESTIMONY OF LYNN ANDERSON

IDAHO PUBLIC UTILITIES COMMISSION

OCTOBER 24, 2008

1 Q. Please state your name and business address for the  
2 record.

3 A. My name is Lynn Anderson and my business address is  
4 472 West Washington Street, Boise, Idaho.

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

6 A. I am employed by the Idaho Public Utilities  
7 Commission as a Staff economist.

8 Q. What are your duties with the Commission?

9 A. Currently, my primary duties are evaluating energy  
10 efficiency policy, opportunities, barriers, efforts and cost-  
11 effectiveness, the results of which are used to make  
12 recommendations to the Commission and other entities.  
13 Additional duties include investigating utility applications,  
14 customer petitions and conducting general research.

15 Q. Would you please outline your academic and  
16 professional background?

17 A. I have a Bachelor of Science degree in government  
18 and a Bachelor of Arts degree in sociology, both from Idaho  
19 State University where I also studied economics and  
20 architecture. I studied engineering at Northwestern  
21 University and Brigham Young University and public  
22 administration and quantitative analysis at Boise State  
23 University.

24 I have attended many training seminars and  
25 conferences regarding utility regulation, operations,

1 forecasting, marketing and program evaluation, including  
2 Lawrence Berkeley Laboratory's Advanced Integrated Resource  
3 Planning seminar in 1994, the Northwest Public Power  
4 Association's Troubleshooting Residential Energy Use course  
5 in 2001, and the International Energy Program Evaluation  
6 conferences in 2003, 2005 and 2007.

7 I began my employment with the Commission in 1980  
8 as a utility rate analyst. In 1983 I was appointed to the  
9 position of telecommunications section supervisor and in 1992  
10 I was appointed to my present position as an economist. In  
11 that capacity I have been a Staff representative to the  
12 Northwest Energy Efficiency Alliance, Avista Utilities'  
13 External Energy Efficiency Board, Idaho Power's Energy  
14 Efficiency Advisory Group, the Northwest Power and  
15 Conservation Council's Demand Response Initiative, the Energy  
16 Efficiency and Conservation Task Force of the Idaho Strategic  
17 Energy Alliance, and to subgroups working on issues within  
18 the National Action Plan for Energy Efficiency.

19 Since 1999 I have served the Commission as a policy  
20 strategist for electricity and telecommunications issues on  
21 an as-needed basis.

22 From 1975 to 1980 I was employed by the Idaho  
23 Transportation Department where I performed benefit/cost  
24 analyses of highway safety improvements and other statistical  
25 analyses.

1 Q. What is the purpose of your testimony?

2 A. The purposes of my testimony are to provide  
3 information regarding Idaho Power's efforts to promote energy  
4 efficiency (aka demand-side management or DSM) and to  
5 recommend that the Commission defer a prudency finding for  
6 Idaho Power's DSM expenses until such time that the Company  
7 is able to provide a more comprehensive evaluation package of  
8 its DSM programs and efforts.

9 I also present the Staff's recalculation of the  
10 fixed cost adjustment (FCA) mechanism's fixed costs per  
11 customer (FCC) and fixed costs per energy (FCE).

12 **Prudency of Efficiency/DSM Expenses**

13 Q. Does Idaho Power's Application or the pre-filed  
14 testimony of any witness in this case ask the Commission to  
15 determine prudency of the Company's past energy efficiency or  
16 demand-side management (DSM) expenses?

17 A. No, there is no such request. However, Idaho Power  
18 witness Theresa Drake, in pre-filed testimony and exhibits,  
19 provided a general overview of the Company's rapid expansion  
20 of energy efficiency personnel and programs, its current  
21 energy efficiency programs, and total annual energy and peak  
22 demand savings estimated to have been achieved from DSM  
23 programs in 2007. Neither the Application nor Ms. Drake  
24 provided much information about cost-effectiveness or prior  
25 years' estimated DSM achievements, although Ms. Drake did

1 mention that Idaho Power's Demand-Side Management 2007 Annual  
2 Report was filed with the Commission on March 14, 2008.

3 Q. Were you able to evaluate prudence of Idaho Power's  
4 2003-2007 DSM expenditures based on the Company's filing?

5 A. No, there was not sufficient information in the  
6 filing to assess DSM prudence. Consequently, many production  
7 requests and follow-up questions needed to be asked, but it  
8 became apparent that the Company does not yet have sufficient  
9 information to fully justify a prudence determination by the  
10 Commission.

11 Q. On page 12, lines 12 and 13, of Ms. Drake's pre-  
12 filed testimony are statements that Idaho Power's DSM  
13 programs saved 91,145 megawatt-hours (MWh) and reduced peak  
14 load by 57 megawatts in 2007. Are the veracities of those  
15 numbers readily verifiable by Company information provided in  
16 this case?

17 A. No. However, they are consistent with the savings  
18 reported by Idaho Power on page 56 (in Appendix 3) of its DSM  
19 2007 Annual Report. For clarification, it is worth noting  
20 that the 91,145 MWh were the annual savings reported as  
21 occurring due to program efforts in 2007, presumably less  
22 than 50% of which would actually be saved in 2007. The  
23 reported energy savings occurring in 2007 due to the  
24 Company's DSM efforts from 2003 through 2007 are probably  
25 close to, but less than, the sum of each prior year's annual

1 savings plus about one-half of 2007's annual savings. Those  
2 annual savings numbers are shown on page 70 of the same 2007  
3 DSM Report. The sum of 2003-2006's savings plus half of  
4 2008's total to about 190,000 MWh saved in 2007, reportedly  
5 as a result of Idaho Power's DSM efforts from 2003 through  
6 2007.

7 More to the point of the question though, is  
8 whether Idaho Power has provided sufficient measurement and  
9 evaluation documentation of its energy savings and peak load  
10 reduction estimates. The answer to that question is that the  
11 Company has completed a few important program evaluations  
12 and, I believe, is earnestly working on a more comprehensive  
13 overall evaluation of programs. In response to Staff  
14 Production Request No. 94, the Company stated that it hired a  
15 full-time Energy Efficiency Evaluator in 2007 and "[p]art of  
16 the duties associated with this position has been to initiate  
17 a systematic review and evaluation of each demand side  
18 management program Idaho Power offers." The response  
19 continues with a description of the many evaluations that are  
20 currently underway and concluded with the statement "As  
21 factors change, or new data is obtained, these [cost-  
22 effectiveness] studies are revised and updated." Thus,  
23 although the new, full-time evaluator was not hired until  
24 December 2007, it seems likely that within the next year or  
25 so Idaho Power will have substantially completed reasonably

1 comprehensive evaluations of its DSM programs and portfolio,  
2 which should facilitate verification of cost-effectiveness  
3 and prudence of planning, implementation and evaluation.

4 Q. Is reasonable proof of DSM cost-effectiveness  
5 compared to the least-cost supply-side resource both  
6 necessary and sufficient for determination of the Company's  
7 prudence in planning, implementing and evaluating its  
8 programs?

9 A. No. While substantially proving actually achieved  
10 cost-effectiveness is an important goal, it is generally  
11 recognized that some prudent utility DSM programs will not  
12 achieve this standard, due to circumstances beyond utility  
13 control or other factors. Furthermore, while achieving DSM  
14 cost-effectiveness vis-a-vis supply-side alternatives is  
15 important, it is just as important that the DSM alternatives  
16 as implemented be as cost-effective as practicable from the  
17 utility perspective. This does not mean that other goals  
18 (e.g. customer class equity, intra-class distribution, and  
19 total resource, participant and non-participant cost-  
20 effectiveness) are not also important, but rather that within  
21 the bounds of due consideration of all goals, the least-cost  
22 DSM implementation alternative is the most prudent. In other  
23 words, it is not prudent to pay more for a DSM resource than  
24 is necessary.

25 Q. Putting aside the question of prudence, are Idaho

1 Power's DSM programs cost-effective compared to supply-side  
2 resources?

3 A. I believe that most of the Company's DSM programs  
4 will likely prove to be cost-effective compared to supply-  
5 side resources. Idaho Power generally selects its DSM  
6 programs based, in part, on expected cost-effectiveness from  
7 the total resource and utility perspectives. Exhibit No.  
8 148, from the Company's response to Staff's Production  
9 Request No. 96, shows preliminarily cost-effectiveness  
10 analyses from those two perspectives, compared only to  
11 supply-side resources (i.e. not compared to alternative DSM  
12 costs). It is important to note that Staff considers these  
13 analyses as preliminary and in need of further refinement.  
14 For example, it is not entirely clear in these analyses how  
15 net-to-gross factors were included in the benefit  
16 calculations, or whether non-electricity savings are  
17 included, or whether tax credits are assumed to reduce total  
18 resource costs. Staff expects such intricacies of actual  
19 achieved program cost-effectiveness will become more  
20 transparent as many of the Company's formal program  
21 evaluations are completed.

22 Q. Given your recommendation that the Commission defer  
23 its determination regarding Idaho Power's DSM prudence, why  
24 is it important to discuss cost-effectiveness and prudence  
25 issues?

1           A.    As the costs of supply-side resources have risen,  
2           the value of demand-side resources has also risen, the  
3           consequence being that utilities are spending many millions  
4           of dollars more on DSM programs.  Given the much higher level  
5           of DSM expenditures, it is increasingly important that the  
6           utilities, other parties and the Commission have clear  
7           concepts of what constitutes DSM prudence.

8                    Idaho Power's original and supplemental responses  
9           to Staff's Production Request Nos. 99 and 100 demonstrate the  
10          need for "prudence" clarification.  For example, in response  
11          to Staff's request that Idaho Power provide examples where  
12          the Company chose least-cost DSM alternatives, the Company  
13          did not provide any such examples.  Instead, it said that it  
14          considers alternative demand-side costs and reiterated its  
15          prior response that priorities in addition to cost-  
16          effectiveness are that DSM programs have a customer focus, be  
17          equitably distributed, and be earnings neutral.

18                 Q.    Is earnings neutrality an important DSM goal of the  
19          Commission?

20                 A.    Not exactly.  The lack of earnings neutrality was  
21          recognized by the Commission as a DSM concern in its approval  
22          of Idaho Power's 3-year pilot for a fixed-cost adjustment  
23          (FCA) mechanism, but I'm not aware of any Commission Orders  
24          stating utility DSM programs should be earnings neutral.  In  
25          fact, in Order No. 22299 issued in 1989, the Commission said

1 "We certainly do not object to considering lost revenue as  
2 one of the many variables to be considered in determining  
3 [DSM] price, but we reject it as a controlling factor."  
4 (p. 16).

5 Q. Does Idaho Power currently have a formal business  
6 plan for implementing DSM programs?

7 A. No. Idaho Power's last formal business plan for  
8 DSM is dated April 15, 2003. In response to Staff's  
9 Production Request No. 115, the Company explained its "multi-  
10 dimensional approach to DSM business planning," which  
11 includes DSM potential studies, long-term IRP planning,  
12 strategic planning, budget planning, consultation with the  
13 Energy Efficiency Advisory Group (EEAG), and concluding with  
14 "governance by the Energy Efficiency Guiding Council." This  
15 final decision-making Council is comprised of Idaho Power's  
16 senior management and representatives of the Energy  
17 Efficiency Department. Although the Company provided some,  
18 but not all, minutes of EEAG meetings, it provided no similar  
19 records of Energy Efficiency Guiding Council meetings where  
20 the final DSM decisions are actually made. While the lack of  
21 a current, formal DSM business plan may not necessarily be  
22 imprudent, that omission combined with the lack of access to  
23 meeting minutes where final DSM decisions are made, results  
24 in less decision-making transparency and does raise some  
25 concerns.

1 Q. What additional information are you providing and  
2 why is it important?

3 A. Exhibit No. 149, copied directly from Idaho Power's  
4 Appendix 2 in its 2007 DSM Annual Report, shows the Company's  
5 expenses and funding sources for its various DSM efforts in  
6 2007. This exhibit provides an indication of program  
7 magnitudes and an appreciation for the various and sometimes  
8 mixed funding sources, two of which are not under the  
9 regulatory authority of the Idaho Commission. However, the  
10 amounts shown are neither entirely complete nor 100%  
11 accurate. For example, a significant missing piece is the  
12 additional \$380,000 amount due to the Northwest Energy  
13 Efficiency Alliance (NEEA) that was credited from Idaho Power  
14 funds being held by NEEA (IPC's 3<sup>rd</sup> Supplemental Response to  
15 Staff's Production Request No. 89). And the Company noted  
16 that relatively minor corrections would be necessary in  
17 future DSM Annual Reports (IPC's 2<sup>nd</sup> Supplemental Response to  
18 Staff's Production Response No. 89). Due in part to Idaho  
19 Power's late responses to production requests and other Staff  
20 priorities, the Company's DSM expenses from 2003 through 2007  
21 have not yet been audited.

22 Exhibit No. 150 shows the Company's total system  
23 annual direct DSM expenses (including direct overhead),  
24 indirect overhead expenses, and total DSM expenses for each  
25 year from 2003 through 2007. This exhibit shows two

1 important trends. First, Idaho Power's DSM programs have  
2 been increasing very rapidly - the total DSM expenses in 2007  
3 are nearly six times higher than those in 2003. Second, the  
4 indirect overhead program expenses increased nearly 10-fold  
5 from 2003 to 2007. From just 2006 to 2007, indirect overhead  
6 expenses increased 147%, more than four times faster than the  
7 33% increase in direct program expenses. Although the  
8 disproportionate indirect overhead expense increases are not  
9 necessarily alarming, they probably warrant close monitoring.

10 As discussed earlier in my testimony, Idaho Power  
11 has only recently begun a more thorough and comprehensive  
12 program evaluation process. While this process may further  
13 increase indirect as well as direct overhead expenses, it  
14 should also provide necessary information for Idaho Power and  
15 other parties to better assess actual program implementation  
16 processes and results, and for the Company to make  
17 improvements to programs, processes and assumptions where the  
18 evaluations show such changes are appropriate.

19 Q. Do you have any other concerns regarding Idaho  
20 Power's DSM prudence?

21 A. I have quite a few, mostly relatively minor,  
22 questions and concerns, many or most of which I expect will  
23 be addressed by the Company's completion of program  
24 evaluations, or which Staff can otherwise pursue outside this  
25 rate case process.

1 Q. Please summarize your recommendations regarding the  
2 prudence of Idaho Power's expenses for its energy efficiency  
3 efforts from 2003 through 2007.

4 A. Staff recommends that the Commission defer  
5 determination of prudence until such time that Idaho Power  
6 has sufficiently evaluated its DSM programs and processes and  
7 files a request for prudence determination. This filing  
8 could occur within a general rate case application, a tariff  
9 rider application, or a stand-alone application.

10 Staff further recommends that the Idaho Power  
11 should be expected to provide with its filing a reasonable,  
12 appropriate and credible evaluation of each DSM program, and  
13 an overall evaluation of the Company's DSM decision-making  
14 processes, including its use of program evaluations to  
15 improve programs and processes. Transparency of financial  
16 accounting, data, assumptions, calculations and decision-  
17 making is paramount for Staff's and the Commission's  
18 investigation of prudence.

19 **Fixed-Cost Adjustment (FCA) Recalculation**

20 Q. Has the Staff recalculated the fixed cost per  
21 customer (FCC) and fixed cost per energy (FCE) for  
22 residential and small commercial customer classes as required  
23 for continuation of the fixed cost adjustment (FCA) pilot  
24 mechanism?

25 A. Yes, this has been done using Staff's proposed

1 revenue requirements and rate designs for Schedules 1, 4, 5  
2 and 7 and Idaho Power's model for these calculations as  
3 presented by Idaho Power witness Tim Tatum's Exhibit No. 71  
4 and explained in his pre-filed testimony on pages 54-60.

5 For residential customers (Sch. 1, 4 and 5),  
6 Staff's recalculated fixed cost per customer (FCC) is \$428.01  
7 per year and the fixed cost per energy (FCE) is 3.3045¢ per  
8 kilowatt-hour.

9 For small commercial customers (Sch. 7), Staff's  
10 recalculated FCC is \$282.05 per year and the FCE is 4.6167¢  
11 per kilowatt-hour.

12 Q. Does this conclude your direct testimony in this  
13 proceeding?

14 A. Yes, it does.  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

Post Implementation Program		Participants	Costs		Peak Demand (kW)	Savings Net Avoided Cost (dollars)	Benefit Cost Ratios		
Benefit Cost Analysis			Total Utility Cost (dollars)	Total Resource (dollars)			Utility	Total Resource	
Demand Response Programs	Year	Number							
A/C Cool Credit	2003	204	\$275,645	\$269,680	159	\$9,021	0.03	0.03	
	2004	420	\$287,253	\$274,686	402	\$23,572	0.08	0.09	
	2005	2,369	\$754,062	\$717,902	2,748	\$161,397	0.21	0.22	
	2006	5,369	\$1,235,476	\$1,131,439	5,637	\$363,278	0.29	0.32	
	2007	13,692	\$2,426,154	\$2,199,486	10,762	\$693,833	0.29	0.32	
	2008*	22,000	\$2,702,265	\$2,109,585	23,606	\$1,521,489	0.56	0.72	
	2009	31,000	\$2,261,682	\$1,569,610	37,555	\$2,422,537	1.07	1.54	
	2010	38,000	\$1,216,400	\$551,998	42,920	\$2,766,543	2.27	5.01	
	2011	40,000	\$1,033,784	\$412,441	42,920	\$2,765,525	2.68	6.71	
	2012	40,000	\$1,205,705	\$375,598	42,920	\$2,765,569	2.29	7.36	
	2013	40,000	\$1,166,947	\$390,639	42,920	\$2,765,660	2.37	7.08	
	2014	40,000	\$1,089,665	\$363,669	42,920	\$2,765,740	2.54	7.61	
	2015	40,000	\$1,052,562	\$373,616	42,920	\$2,765,836	2.63	7.40	
	Irrigation Peak Rewards	2004	58	\$344,714	\$185,006	5,597	\$378,991	1.10	2.05
		2005	894	\$1,468,282	\$479,484	40,323	\$2,740,569	1.87	5.72
2006		906	\$1,324,418	\$239,977	31,836	\$2,253,175	1.70	9.39	
2007		947	\$1,615,881	\$239,855	37,441	\$2,678,040	1.66	11.17	

\* 2008-2015 participants, savings and costs are based on program forecasts

From Idaho Power's Response to Staff Production Request No. 96, IPC-E-08-10

Post Implementation Program Benefit Cost Analysis		Costs			Savings			Measure Life	Benefit Cost Ratios	
		Total Utility Cost (dollars)	Total Resource Cost (dollars)	Annual Energy (kWh)	Peak Demand (kW)	Energy Savings (dollars)	Utility		Total Resource	
Energy Efficiency Programs		Year						Years		
<b>Residential Efficiency</b>										
Energy House Calls		2007	\$336,372	\$336,372	699,899					
<b>Total</b>			<b>\$336,372</b>	<b>\$336,372</b>	<b>699,899</b>			<b>20</b>	<b>1.69</b>	<b>1.69</b>
ENERGY STAR Homes Northwest		2004	\$140,165	\$335,437	101,200	88				
		2005	\$253,105	\$315,311	415,600	400				
		2006	\$469,609	\$602,651	912,242	878				
		2007	\$475,044	\$400,637	629,634	606				
<b>Total</b>			<b>\$1,337,923</b>	<b>\$1,654,036</b>	<b>2,058,676</b>	<b>1,972</b>		<b>25</b>	<b>1.84</b>	<b>1.49</b>
Rebate Advantage		2007	\$89,269	\$182,152	554,018					
<b>Total</b>			<b>\$89,269</b>	<b>\$182,152</b>	<b>554,018</b>			<b>45</b>	<b>7.71</b>	<b>3.78</b>
Heating and Cooling Efficiency		2007	\$488,211	\$494,989	1,595					
<b>Total</b>			<b>\$488,211</b>	<b>\$494,989</b>	<b>1,595</b>			<b>18</b>	<b>0.0498</b>	<b>0.0491</b>
ENERGY STAR® Lighting		2002	\$243,033	\$310,643	3,299,654					
		2003	\$314,641	\$464,059	3,596,150					
		2005	\$73,152	\$107,810	1,734,646					
		2006	\$298,754	\$539,877	6,302,794					
		2007	\$557,646	\$433,626	7,207,439					
<b>Total</b>			<b>\$1,487,226</b>	<b>\$1,856,015</b>	<b>22,140,683</b>			<b>7</b>	<b>4.83</b>	<b>3.87</b>
<b>Weatherization Assistance for</b>										
WAQC - Idaho		2004	\$498,474	\$859,482	1,271,677					
		2005	\$1,402,487	\$1,927,424	3,179,311					
		2006	\$1,455,373	\$2,231,086	2,958,024					
		2007	\$1,292,930	\$1,757,105	3,296,019					
<b>Total</b>			<b>\$4,649,264</b>	<b>\$6,775,097</b>	<b>10,705,031</b>			<b>25</b>	<b>2.42</b>	<b>1.66</b>

<b>Commercial</b>	Building Efficiency Program	2005	\$194,066	\$233,149	494,239	162				
		2006	\$374,008	\$463,770	704,541	338				
		2007	\$669,032	\$802,839	2,817,248	454				
		<b>Total</b>	<b>\$1,237,107</b>	<b>\$1,499,759</b>	<b>4,016,028</b>	<b>954</b>		<b>\$2,515,965</b>	<b>12</b>	<b>2.03</b>
		2007	\$711,494	\$1,882,035	5,183,640	780				
	<b>Total</b>	<b>\$711,494</b>	<b>\$1,882,035</b>	<b>5,183,640</b>	<b>780</b>				<b>3.70</b>	
<b>Industrial</b>	Custom Efficiency	2004	\$112,311	\$133,441	211,295					
		2005	\$1,128,076	\$3,653,152	12,016,678					
		2006	\$1,625,216	\$4,273,885	19,211,605					
		2007	\$3,161,866	\$7,012,686	29,789,304	3,622				
		<b>Total</b>	<b>\$6,027,468</b>	<b>\$15,073,164</b>	<b>61,228,882</b>	<b>3,622</b>		<b>\$32,284,396</b>	<b>12</b>	<b>5.36</b>
<b>Irrigation</b>	Irrigation Efficiency Program	2003	\$41,089	\$54,609	36,792	18				
		2004	\$120,808	\$402,978	802,812	449				
		2005	\$150,577	\$657,460	1,012,883	401				
		2006	\$2,779,620	\$8,514,231	16,986,008	5,100				
		2007	\$2,001,961	\$8,694,772	12,304,073	3,407				
	<b>Total</b>	<b>\$5,094,055</b>	<b>\$18,324,050</b>	<b>31,142,568</b>	<b>9,376</b>		<b>\$28,439,390</b>	<b>8</b>	<b>5.58</b>	
<b>Other Programs</b>	Building Operator Training	2003	\$48,853	\$48,853	1,825,000					
		2004	\$43,969	\$43,969	650,000					
		2005	\$1,750	\$4,480	434,167					
		<b>Total</b>	<b>\$94,572</b>	<b>\$97,302</b>	<b>2,909,167</b>			<b>\$785,855</b>	<b>5</b>	<b>8.31</b>
		2005	\$14,896	\$26,756	78,000					
	2006	\$3,459	\$3,459	19,027						
	2007	\$7,520	\$7,520	9,000						
	<b>Total</b>	<b>\$25,875</b>	<b>\$37,735</b>	<b>106,027</b>			<b>\$43,675</b>	<b>9</b>	<b>1.69</b>	
<b>Total Energy Effic. Direct Program</b>			<b>\$21,578,837</b>	<b>\$48,212,706</b>	<b>140,746,214</b>	<b>16,703</b>				

From Idaho Power's Response to Staff Production Request No. 96, IPC-E-08-10

**Appendix 2. 2007 DSM Expenses by Funding Source (Dollars)**

Sector/Program	Idaho Rider	Oregon Rider	BPA	IPC	Total Program
<b>Energy Efficiency/Demand Response</b>					
Residential					
A/C Cool Credit.....	2,421,461	0	0	4,692	\$ 2,426,154
Appliance Program .....	8,746	460	0	69	\$ 9,275
Energy House Calls .....	251,743	3,349	80,830	450	\$ 336,372
ENERGY STAR® Homes Northwest.....	451,775	12,249	0	11,020	\$ 475,044
Heating and Cooling Efficiency .....	482,051	3,289	0	2,871	\$ 488,211
Oregon Residential Weatherization .....	0	0	0	3,781	\$ 3,781
Rebate Advantage .....	58,854	4,609	25,073	733	\$ 89,269
ENERGY STAR® Lighting.....	519,818	11,787	15,595	10,445	\$ 557,646
WAQC.....	0	0	28,035	1,295,588	\$ 1,323,624
Commercial/Industrial					
Commercial Building Efficiency.....	661,485	5,766	0	1,781	\$ 669,032
Easy Upgrades .....	680,376	28,014	0	3,105	\$ 711,494
Oregon Commercial Audit.....	0	1,800	0	181	\$ 1,981
Custom Efficiency .....	3,032,047	110,634	0	19,185	\$ 3,161,866
Irrigation					
Irrigation Efficiency Rewards .....	1,881,116	93,924	0	26,922	\$ 2,001,961
Irrigation Peak Rewards.....	1,520,106	54,747	0	41,028	\$ 1,615,881
<b>Energy Efficiency/Demand Response Total</b>	<b>11,969,578</b>	<b>330,627</b>	<b>149,534</b>	<b>1,421,852</b>	<b>\$13,871,592</b>
<b>Market Transformation</b>					
NEEA.....	846,898	44,574	0	1,868	\$ 893,340
<b>Market Transformation Total</b>	<b>846,898</b>	<b>44,574</b>	<b>0</b>	<b>1,868</b>	<b>\$ 893,340</b>
<b>Other Programs and Activities</b>					
Commercial					
Commercial Education Initiative.....	25,427	1,314	0	82	\$ 26,823
Other					
BPA CRC Renewables .....	0	0	31,645	0	\$ 31,645
Distribution Efficiency Initiative <sup>(a)</sup> .....	6,514	343	0	2,130	\$ 8,987
DSM Direct Program Overhead .....	54,339	2,465	0	105	\$ 56,909
LEEF <sup>(b)</sup> .....	7,571	(50)	0	0	\$ 7,520
<b>Other Programs and Activities Total</b>	<b>93,851</b>	<b>4,072</b>	<b>31,645</b>	<b>2,317</b>	<b>\$ 131,885</b>
<b>Indirect Program Expense</b>					
DSM Accounting and Analysis.....	564,129	29,367	0	139,006	\$ 732,503
Energy Efficiency Advisory Group .....	2,488	109	0	0	\$ 2,597
Special Accounting Entries .....	10,516	439	19,507		\$ 30,462
<b>Indirect Program Expense Total</b>	<b>577,133</b>	<b>29,915</b>	<b>19,507</b>	<b>139,006</b>	<b>\$ 765,561</b>
<b>Totals</b>	<b>\$13,487,460</b>	<b>\$409,188</b>	<b>\$200,686</b>	<b>\$1,565,043</b>	<b>\$15,662,378</b>

<sup>(a)</sup>IPC portion of Distribution Efficiency Initiative expenses will be reversed in 2008.

<sup>(b)</sup>Oregon correction for 2006 entry for bulbs purchased and used in Idaho.

Exhibit No. 149  
Case No. IPC-E-08-10  
L. Anderson, Staff  
10/24/08

## Idaho Power's Total System DSM Expenses 2003 - 2007

(Including Idaho tariff rider and base rates, Oregon and BPA)

Total and Indirect from IPC's 2007 DSM Annual Report, p. 71

### Direct DSM Program Expenses

(Including Direct Overhead)

			<u>% Increase</u>
2003	\$	2,566,229	
2004	\$	3,807,689	48%
2005	\$	6,523,349	71%
2006	\$	11,174,181	71%
2007	\$	14,896,817	33%
5-year	\$	38,968,265	

### Indirect Overhead DSM Expenses

			<u>% Increase</u>
2003	\$	78,526	
2004	\$	148,610	89%
2005	\$	177,624	20%
2006	\$	309,832	74%
2007	\$	765,561	147%
5-year	\$	1,480,153	

### Total Direct and Indirect DSM Expenses

			<u>% Increase</u>
2003	\$	2,644,755	
2004	\$	3,956,299	50%
2005	\$	6,700,973	69%
2006	\$	11,484,013	71%
2007	\$	15,662,378	36%
5-year	\$	40,448,418	

Exhibit No. 150  
Case No. IPC-E-08-10  
L. Anderson, Staff  
10/24/08

## CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 24TH DAY OF OCTOBER 2008, SERVED THE FOREGOING **DIRECT TESTIMONY OF LYNN ANDERSON**, IN CASE NO. IPC-E-08-10, BY MAILING A COPY THEREOF, POSTAGE PREPAID, TO THE FOLLOWING:

BARTON L KLINE  
LISA D NORDSTROM  
DONOVAN E WALKER  
IDAHO POWER COMPANY  
PO BOX 70  
BOISE ID 83707-0070  
E-MAIL: [bkline@idahopower.com](mailto:bkline@idahopower.com)  
[lnordstrom@idahopower.com](mailto:lnordstrom@idahopower.com)  
[dwalker@idahopower.com](mailto:dwalker@idahopower.com)

JOHN R GALE  
VP – REGULATORY AFFAIRS  
IDAHO POWER COMPANY  
PO BOX 70  
BOISE ID 83707-0070  
E-MAIL: [rgale@idahopower.com](mailto:rgale@idahopower.com)

PETER J RICHARDSON  
RICHARDSON & O'LEARY  
PO BOX 7218  
BOISE ID 83702  
E-MAIL: [peter@richardsonandoleary.com](mailto:peter@richardsonandoleary.com)

DR DON READING  
6070 HILL ROAD  
BOISE ID 83703  
E-MAIL: [dreading@mindspring.com](mailto:dreading@mindspring.com)

RANDALL C BUDGE  
ERIC L OLSEN  
RACINE OLSON NYE ET AL  
PO BOX 1391  
POCATELLO ID 83204-1391  
E-MAIL: [rcb@racinelaw.net](mailto:rcb@racinelaw.net)  
[elo@racinelaw.net](mailto:elo@racinelaw.net)

ANTHONY YANKEL  
29814 LAKE ROAD  
BAY VILLAGE OH 44140  
E-MAIL: [yankel@attbi.com](mailto:yankel@attbi.com)

MICHAEL L KURTZ ESQ  
KURT J BOEHM ESQ  
BOEHM KURTZ & LOWRY  
36 E SEVENTH ST STE 1510  
CINCINNATI OH 45202  
E-MAIL: [mkurtz@BKLawfirm.com](mailto:mkurtz@BKLawfirm.com)  
[kboehm@BKLawfirm.com](mailto:kboehm@BKLawfirm.com)

KEVIN HIGGINS  
ENERGY STRATEGIES LLC  
PARKSIDE TOWERS  
215 S STATE ST STE 200  
SALT LAKE CITY UT 84111  
E-MAIL: [khiggins@energystrat.com](mailto:khiggins@energystrat.com)

BRAD M PURDY  
ATTORNEY AT LAW  
2019 N 17<sup>TH</sup> ST  
BOISE ID 83702  
E-MAIL: [bmpurdy@hotmail.com](mailto:bmpurdy@hotmail.com)

LOT H COOKE  
ARTHUR PERRY BRUDER  
UNITED STATE DEPT OF ENERGY  
1000 INDEPENDENCE AVE SW  
WASHINGTON DC 20585  
E-MAIL: [lot.cooke@hq.doe.gov](mailto:lot.cooke@hq.doe.gov)  
[arthur.bruder@hq.doe.gov](mailto:arthur.bruder@hq.doe.gov)

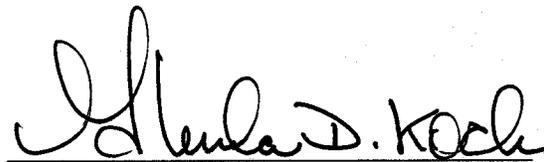
CERTIFICATE OF SERVICE

DWIGHT ETHERIDGE  
EXETER ASSOCIATES INC  
5565 STERRETT PLACE, SUITE 310  
COLUMBIA MD 21044  
E-MAIL: [detheridge@exeterassociates.com](mailto:detheridge@exeterassociates.com)

DENNIS E PESEAU, Ph.D.  
UTILITY RESOURCES INC  
1500 LIBERTY STREET SE, SUITE 250  
SALEM OR 97302  
E-MAIL: [dpeseau@excite.com](mailto:dpeseau@excite.com)

CONLEY E WARD  
MICHAEL C CREAMER  
GIVENS PURSLEY LLP  
601 W BANNOCK ST  
PO BOX 2720  
BOISE ID 83701-2720  
E-MAIL: [cew@givenspursley.com](mailto:cew@givenspursley.com)

KEN MILLER  
CLEAN ENERGY PROGRAM DIRECTOR  
SNAKE RIVER ALLIANCE  
PO BOX 1731  
BOISE ID 83701  
E-MAIL: [kmiller@snakeriveralliance.org](mailto:kmiller@snakeriveralliance.org)

A handwritten signature in black ink, appearing to read "Shula D. Koch". The signature is written in a cursive style with a large initial "S".

SECRETARY