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November 10, 2008

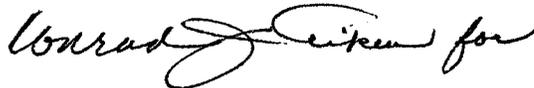
Jean Jewell, Secretary
Idaho Public Utilities Commission
P.O. Box 83720
Boise, Idaho 83720-0074

Re: IPC-E-08-23

Dear Jean:

Enclosed for filing you will find the original and nine copies of the Direct Testimony of Anthony Yankel filed in support of the Stipulation filed by Idaho Power Company. We are also submitting a searchable CD with the testimony.

Sincerely,



ERIC L. OLSEN

ELO:nj

Enclosures

cc: Donovan Walker, Idaho Power (via mail and e-mail)
Scott Woodbury, Commission Staff (via mail and e-mail)

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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF IDAHO POWER)
COMPANY'S PETITION FOR APPROVAL)
OF CHANGES TO THE IRRIGATION PEAK)
REWARDS PROGRAM)
_____)

CASE NO. IPC-E-08-23

IDAHO IRRIGATION PUMPERS ASSOCIATION, INC.

DIRECT TESTIMONY

OF

ANTHONY J. YANKEL

NOVEMBER 7, 2008

1 **I. INTRODUCTION**

2

3 **Q. PLEASE STATE YOUR NAME, ADDRESS, AND EMPLOYMENT.**

4 A. I am Anthony J. Yankel. I am President of Yankel and Associates, Inc. My
5 address is 29814 Lake Road, Bay Village, Ohio, 44140.

6

7 **Q. WOULD YOU BRIEFLY DESCRIBE YOUR EDUCATIONAL**
8 **BACKGROUND AND PROFESSIONAL EXPERIENCE?**

9 A. I received a Bachelor of Science Degree in Electrical Engineering from Carnegie
10 Institute of Technology in 1969 and a Master of Science Degree in Chemical
11 Engineering from the University of Idaho in 1972. From 1969 through 1972, I
12 was employed by the Air Correction Division of Universal Oil Products as a
13 product design engineer. My chief responsibilities were in the areas of design,
14 start-up, and repair of new and existing product lines for coal-fired power plants.
15 From 1973 through 1977, I was employed by the Bureau of Air Quality for the
16 Idaho Department of Health & Welfare, Division of Environment. As Chief
17 Engineer of the Bureau, my responsibilities covered a wide range of investigative
18 functions. From 1978 through June 1979, I was employed as the Director of the
19 Idaho Electrical Consumers Office. In that capacity, I was responsible for all
20 organizational and technical aspects of advocating a variety of positions before
21 various governmental bodies that represented the interests of the consumers in the
22 State of Idaho. From July 1979 through October 1980, I was a partner in the firm
23 of Yankel, Eddy, and Associates. Since that time, I have been in business for

1 myself. I am a registered Professional Engineer in the states of Ohio and Idaho. I
2 have presented testimony before the Federal Energy Regulatory Commission
3 (“FERC”), as well as the State Public Utility Commissions of Idaho, Montana,
4 Ohio, Pennsylvania, Utah, and West Virginia.

5

6

II. BACKGROUND

7

8 **Q. ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS CASE?**

9 A. I am testifying on behalf of the Idaho Irrigation Pumpers Association (“IIPA”).

10

11 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS CASE?**

12 A. I will support the appropriateness of the Stipulation offered in this case from the
13 perspective of the Idaho Irrigation Pumpers Association.

14

15 **Q. HAS THERE BEEN A GREAT DEAL OF EFFORT PUT INTO THE**
16 **DEVELOPMENT OF THE PROPOSED CHANGES TO THE**
17 **IRRIGATION PEAK REWARDS PROGRAM AND THE STIPULATION**
18 **PROPOSED IN THIS CASE?**

19 A. Yes. There have been active discussions between Idaho Power, the IIPA, and
20 occasionally the Commission Staff since the conclusion of Idaho Power’s 2007
21 general rate case.

22

1 **Q. WHY HAS THERE BEEN SO MUCH EFFORT TO DEVELOP THE**
2 **CHANGES THAT ARE PROPOSED IN THIS CASE?**

3 A. The proposed changes to the Irrigation Peak Rewards program are substantial,
4 compared to the program that exists today. The Peak Rewards program that is
5 presently in place is based upon the use of timers that automatically interrupt
6 Irrigation pumps on specific days of the week and at predetermined times for
7 these interruptions. The interruptions take place on each of these specified day
8 and times over the entire June through August timeframe. These interruptions are
9 unrelated to the need for interruptions or the level of load on the system. In other
10 words the interruptions take place in order to reduce the broad summer peak, but
11 are not targeted at the actual system peak. As such, the interruptions must be
12 evenly distributed throughout the week in a manner that best reflects the general
13 expectation of system peak load occurring. Because it is necessary to use this
14 pre-arranged schedule under timer-based interruptions, some interruptions will
15 occur during system peak times, but it is just as likely that the a similar level of
16 interruptions will occur at times when peak conditions are not being encountered.

17 The program changes that are contemplated in the Stipulation in this case
18 are substantial. The benefits to the Company, all of its customers, and the
19 Irrigators is reflective of the substantial changes that are being proposed to the
20 Irrigation Peak Rewards program. Being added to the program are interruptions
21 at the "Company's Option". Although interruptions that come at the "Company's
22 Option" can be far more focused and effective for the Company than the simple
23 predetermined interruptions that occur using timers, the impact of not having a

1 predetermined schedule is very difficult for the Irrigators that need to water crops
2 in a manner that is far more dictated by nature than by a utility's price schedule.
3 Thus, what has been worked out between the Company, IIPA, and the
4 Commission Staff is a set of terms, conditions, and prices that produce what is
5 perceived at this time to be the best set of operating parameters for the Company,
6 the Irrigators, and for ratepayers in general.

7

8 **Q. A "COMPANY OPTION" IRRIGATION INTERRUPTIBLE PROGRAM**
9 **WAS PUT IN PLACE THIS YEAR ON THE PACIFICORP SYSTEM IN**
10 **IDAHO. IS THIS PROGRAM MODELED AFTER THAT PROGRAM?**

11

12 **A.** Only to a limited extent. Both utilities will now have a "Company Option"
13 program for interrupting Irrigation load during peak summer times. Because of
14 this, there are many similarities between the two programs. However, the farming
15 in the PacifiCorp service area is different than that which prevails in the Idaho
16 Power service area. For this reason, the programs are similar, but certainly not
17 the same.

18

19 **III. SUPPORT FOR THE STIMULATION**

20 **Q. WHAT BENEFITS WILL THE STIPULATION BRING TO THE SYSTEM**
21 **AND THE IRRIGATORS?**

22 **A.** Although the present timer-based interruptions offer a quantifiable benefit to the
23 system, the Company Option interruptions will do far more. The present timer-

1 based interruption program is only yielding approximately 40 MW of actual
2 annual system peak reduction. In 2007 it took a total of 182 MW of billing
3 demand enrollment in order to accomplish the 40 MW of system peak reduction.
4 If 182 MW of billing demand could have been interrupted at the time of the
5 system peak, it would have produced a system benefit of 206 MW of reduction
6 (182 MW of load times losses at 1.13).

7 It is worthy of note that the introduction of the Company Option
8 interruptions on the PacifiCorp system not only greatly increased the flexibility of
9 the program and interruptions schedule, but brought a tremendous response of
10 additional Irrigation load to the program. When there was only a timer-based
11 program in the PacifiCorp service area, only 100 MW of Irrigation load
12 participated. When the Company Option was included in the PacifiCorp program,
13 215 MW of Irrigation load (out of a possible load of approximately 255 MW)
14 joined the program. Although the same percentage increase in program
15 participation is not expected in the Idaho Power service area, the fact that
16 Irrigators are estimated to contribute 655 MW to the annual system peak, there is
17 a lot of room for additional load reductions to be offered than the 40 MW that has
18 been realized previously. From the IIPA's perspective, it would not be unrealistic
19 to anticipate 325 MW of possible system peak reduction in the Idaho Power
20 service area.

21
22 **Q. HAS THE COMPANY CALCULATED A POSITIVE COST/BENEFIT**
23 **RATIO FOR THE NEW PROGRAM?**

1 A. Yes, it has. The Company has calculated a cost/benefit ratio of 1.27 for the first
2 year of operation of the Company Option program.

3

4 **Q. SHOULD THE COMMISSION MERELY JUDGE THIS PROGRAM BY**
5 **ITS FIRST YEAR COST/BENEFIT RATIO?**

6 A. No. Over 25% of the first year costs of the program are associated with
7 equipment installation, administration, promotion, and evaluation. There will
8 obviously be a reduction of many of these costs after the first year when this
9 equipment has already been installed and the program is simply "on-going".
10 Removing 25% of the costs of the program, while keeping the benefits the same,
11 will greatly increase this cost/benefit ratio. Although it is important for the
12 Commission to realize that the Company Option program will be cost/beneficial
13 during its first year, it is also important to realize that this ratio will be
14 substantially increased in the future.

15

16 **Q. WILL THE COMPANY OPTION PROGRAM BE BENEFICIAL TO THE**
17 **IRRIGATORS?**

18 A. Generally speaking, yes. The program calls for credits to be paid to the Irrigators
19 for their participation in the program. The credits represent an increase over the
20 credits that are being paid today. However, one must recognize that there are also
21 costs to the Irrigators when they undergo interruptions, especially those that take
22 place at the Company's Option, with no more than a days notice before the
23 interruption. Like the Company, each Irrigator will have to do his own

1 cost/benefit analysis regarding his particular situation and the credits being
2 offered. It is anticipated that the credits being offered will exceed the costs
3 encountered by many Irrigators and thus, induce greater participation. However,
4 the costs of participation to some Irrigators will not be outweighed by the credits
5 (benefits) provided, and these customers will not participate in the program.

6

7 **Q. DO YOU HAVE ANY CONCLUDING REMARKS REGARDING THE**
8 **PROPOSED COMPANY OPTION PROGRAM AND THE PROPOSED**
9 **STIPULATION?**

10 A. Yes. The program as offered and the Stipulation as written go a long way to
11 being of great benefit to the Company, the Irrigators, and the other system
12 customers. The program should be approved by the Commission as soon as
13 possible in order to get all of the elements in place for next year's Irrigation
14 Season. The IIPA expects to continue to work with the Company on the
15 promotion and refinement of the Irrigation Peak Rewards program in the future.
16 The program as outlined in the Stipulation is a major step forward for all
17 customers of Idaho Power and we hope to implement it for the 2009 Irrigation
18 Season and thus, the 2009 summer peak period.

19

20 **Q. DOES THIS CONCLUDE YOUR TESTIMONY AT THIS TIME?**

21 A. Yes.