

**Brad M. Purdy**  
**Attorney at Law**  
2019 N. 17<sup>th</sup> St.  
Boise, Idaho 83702  
(208) 384-1299  
Cell: (208) 484-9980  
Fax: (208) 384-8511

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June 19, 2009

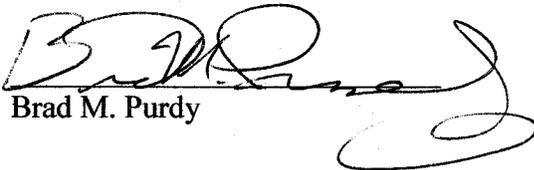
Jean Jewell  
Commission Secretary  
Idaho Public Utilities Commission  
472 W. Washington  
Boise, ID 83702

Re: Case No. IPC-E-09-03

Dear Ms. Jewell:

Enclosed, please find an original and 13 copies of the direct testimony of Teri Ottens on behalf of the Community Action Partnership Association of Idaho in the above-referenced proceeding. The testimony is also contained in the enclosed CD.

Sincerely,

  
Brad M. Purdy

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1 Brad M. Purdy  
2 Attorney at Law  
3 Bar No. 3472  
4 2019 N. 17<sup>th</sup> St.  
5 Boise, ID. 83702  
6 (208) 384-1299 (Land)  
7 (208) 384-8511 (Fax)  
8 bmpurdy@hotmail.com  
9 Attorney for Petitioner  
10 Community Action Partnership  
11 Association of Idaho

8 **BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

9 IN THE MATTER OF IDAHO POWER )  
10 COMPANY'S APPLICATION FOR A ) CASE NO. ICP-E-09-03  
11 CERTIFICATE OF PUBLIC )  
12 CONVENIENCE AND NECCESITY FOR )  
THE LANGLEY GULCH POWER PLANT )

13  
14 **COMMUNITY ACTION PARTNERSHIP ASSOCIATION OF IDAHO**  
15 **DIRECT TESTIMONY OF**  
16 **TERI OTTENS**

**I. INTRODUCTION**

1  
2 Q: Please state your name and business address.

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

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

6 A: The Community Action Partnership Association of Idaho ("CAPAI") Board of Directors  
7 asked me to present the views of an expert on, and advocate for, low income customers of  
8 Idaho Power.

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

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

15 Q: What are the Community Action Partnerships?

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

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

1 A: Yes, I have testified on behalf of CAPAI in numerous cases involving Idaho Power  
2 Company, PacifiCorp, AVISTA, Intermountain Gas, and United Water as well as in  
3 multi-utility proceedings.

## 4 II. SUMMARY

5 Q. Would you please summarize your testimony in this proceeding?

6 A. Yes. CAPAI is concerned about the Company's investment in, and its quest to seek, rate  
7 base assurance for, a generation project that will be the largest acquired by Idaho Power  
8 since the 1950s. CAPAI is concerned about the rate impact that such a large addition to  
9 the Company's rate base will result in and its effect on Idaho Power's low-income  
10 customers. Specifically, CAPAI questions whether the Company and the Commission  
11 have sufficient information at this point in time to make a determination whether the  
12 proposed Langley Gulch plant is in the public convenience and necessity and whether the  
13 relief sought by Idaho Power is fair, just and reasonable.

14 Q. Do you have any exhibits to your testimony?

15 A. No, I do not.

## 16 III. THE APPLICATION

17 Q. You seem to express doubt regarding whether the Langley Gulch project is in the public  
18 convenience and necessity. Do you have specific, technical rationale for this?

19 A. First, I am not a lawyer, engineer, or economist, so I do not purport to possess expertise  
20 in any of those disciplines and nothing in my testimony should be construed to suggest  
21 otherwise. My expertise lies within the area of the needs of Idaho's poor and, in the  
22 context of this proceeding, how a large electric rate increase will impact Idaho Power's  
23 low-income customers. I honestly do not know if Langley Gulch is in the public  
24 convenience and necessity and whether it would result in fair, just and reasonable rates. I  
25 adamantly believe, nonetheless, that in order to make these decisions, the Commission

1 must be equipped with as much relevant information as is reasonably possible to obtain  
2 within an acceptable timeframe. I submit that the Commission is faced with a balancing  
3 act of comparing the risks associated with deferring a ruling on the Company's  
4 application until additional information is available, to the advantage of possessing such  
5 additional information.

6 Q. Are you suggesting that the proposed Langley Gulch project would not help Idaho Power  
7 to meet future load growth?

8 A. No, it appears that no party disputes that Langley Gulch, as proposed, should be more  
9 than adequate to meet future load growth, for at least the near to medium term future.  
10 The analysis, however, does not end there. One does not need to be an expert in these  
11 matters to embrace the obvious proposition that a regulated public utility should, among  
12 other things, make every attempt to pursue least cost alternatives, best suited to meet the  
13 needs in question, when it does acquire new resources, thereby minimizing increases to  
14 rates. Indeed, this is one of the fundamental purposes of the Integrated Resource  
15 Planning process; to identify the relative costs of various resource alternatives.

16 Q. Is it your position that Langley Gulch does not constitute the least cost alternative to meet  
17 the Company's perceived capacity deficit as it contends in its application and supporting  
18 testimonies?

19 A. Again, I lack sufficient expertise and/or knowledge to testify with authority whether  
20 Langley Gulch is the most suitable alternative, from a cost and other standpoint, for  
21 meeting Idaho Power's projected capacity deficit, or when that date will occur.  
22 Moreover, CAPAI believes that Idaho Power is genuinely concerned about, and takes  
23 quite seriously, its legal obligation to serve its customers, and to make sensible decisions  
24 in planning how to acquire sufficient resources to comply with that legal obligation now  
25 and in the future. CAPAI was graciously allowed to intervene late in this proceeding

1 and, therefore, did not sign on to the joint intervenors' motion to stay the application.  
2 Nonetheless, as the Commission noted during a decision meeting conducted to address  
3 the motion to stay, the points raised by the motion go to the merits of the application and  
4 are now fully on the table. Based on the brief filed in support of the intervenors' motion,  
5 and my review of the Company's application and supporting testimonies, it seems  
6 apparent, from a layperson's point of view, that the other intervenors have articulated  
7 legitimate concerns regarding the overall merits of the Application and, without the  
8 benefit of additional information, whether Langley Gulch is the best means, at this  
9 juncture, to meet imminent system load growth.

10 Q. If you are not taking a specific position regarding whether Langley Gulch should be  
11 constructed at this point in time, then what is the purpose of your testimony in this case?

12 A. The best response I can provide to that question is to use Idaho Power's own words when  
13 it characterized the joint intervenors' motion as a collection of "what ifs." *Response to*  
14 *Joint Motion at p. 2*. The same characterization could be applied to the assumptions built  
15 into Idaho Power's load forecasting, it's projected date of capacity deficit, whether there  
16 are more suitable resources available to meet load growth, and so on. Again, I do not  
17 possess the knowledge or expertise to argue with authority whether Idaho Power's load  
18 forecasting methodology and the assumptions built into that methodology are  
19 appropriate. It strikes me as inherently logical, however, that the more information that  
20 the Company, the Commission, and all parties have, the better able the collective group is  
21 to assess whether Langley Gulch is the generation resource of choice to meet the  
22 Company's load growth.

23 Q. There is obvious risk in not meeting the Company's future capacity requirements to avoid  
24 blackouts. Do you perceive other risks that the Commission faces in ruling on Idaho  
25 Power's application in this case?

1 A. Yes. First, it cannot be overstated that the Commission carries an awesome responsibility  
2 to ensure that Idaho Power's customers are not, literally, left in the dark. The importance  
3 of attempting to engage in the most accurate load forecasting possible, however, and to  
4 fully and fairly analyze all alternatives to Langley Gulch, also cannot be overstated.  
5 Thus, the Company's application poses two risks. With an estimated cost of \$247  
6 million, Langley Gulch will constitute approximately one-fourth of Idaho Power's entire  
7 rate base. This is the single largest investment that would be made by Idaho Power since  
8 the Hell's Canyon complex some 50 years ago. Naturally, the rate impact of an  
9 investment of this magnitude, which disproportionately affects the poor, is tremendous.  
10 CAPAI is uncertain as to the precise amount of increase to residential rates that Langley  
11 Gulch will result in, and concedes that any alternative resource, or collection of resources  
12 to meet load growth, will also have an upward impact on rates. The sheer magnitude of  
13 Langley Gulch's estimated cost, however, warrants a very careful analysis of whether  
14 there might be considerably cheaper, and equally viable, alternatives available. Thus, the  
15 other side of the equation that I speak of is that if Langley Gulch is not the least cost  
16 alternative for meeting future load growth, and given the immediate, irreversible  
17 ratebasing assurance that Idaho Power seeks in this case, then ratepayers could be saddled  
18 with unnecessarily excessive rates for many years to come. This too, constitutes a serious  
19 risk.

20 Q. So, what would you have the Commission do in weighing the two primary risks  
21 presented by Idaho Power's application?

22 A. Again, I propose that the arguments made in support of the joint intervenors' motion to  
23 stay the application, at least for some reasonable time, be seriously considered and that  
24 the assumptions built into the Company's assessment of the need for Langley Gulch, be  
25 carefully scrutinized. Specifically, the other intervenors have raised, among others, the

1 following questions regarding the merits of Langley Gulch including, among others, the  
2 following: Is Langley Gulch the least cost alternative for meeting future load growth?  
3 Has the Company engaged in a fair bid procurement process resulting in the least cost for  
4 constructing Langley Gulch? Has Idaho Power pursued other alternatives such as  
5 demand side management programs aggressively enough? Has Idaho Power factored in  
6 the reduction in load demand that existing and future DSM programs will have? Has the  
7 Company considered impending or existing state and federal legislation regarding  
8 greenhouse gas emissions, and whatever action the Company will take in response to a  
9 recent shareholder resolution regarding gas emissions that might increase the relative  
10 costs of a thermal plant such as Langley Gulch? Is Langley Gulch appropriate in light of  
11 renewable portfolio standards that I am told might be legislated and enforced upon the  
12 Company, and so on?

13 Q. What are the ramifications of failing to aggressively pursue demand side management  
14 programs and the effect that this has on the perceived viability of Langley Gulch?

15 A. Regarding demand-side alternatives, it is my understanding that Idaho Power is a “twin  
16 peaking” utility in terms of its load. That is, the utility’s highest demands come in the  
17 summer (due largely to irrigation and air conditioning) and in the winter (due largely to  
18 electric space heating). One advantage that a revised IRP might provide is a revelation  
19 whether increased investment in residential demand side management programs, such as  
20 the Company’s cost-effective, low-income weatherization program, are being fully  
21 exploited and, if not, might a more aggressive approach to such DSM programs shave the  
22 peaks off the summer and winter loads in a more cost-effective manner than Langley  
23 Gulch?

24 Q. Would you please provide an example of what you are referring to?  
25

1 A. One example pertains to the Company's low-income weatherization program. According  
2 to CAPAI's records, all low-income weatherization programs funded by Idaho's three  
3 largest public electric utilities (i.e., Idaho Power, Rocky Mountain Power and AVISTA)  
4 served only 10% of all LIHEAP eligible residences in the most recent year for which  
5 information is available. In recent cases, including the Commission-initiated energy  
6 affordability case (Case No. GNR-U-08-1), Idaho Power has characterized its low-  
7 income weatherization program as a very cost-effective DSM resource. This is merely  
8 one example of what the Company itself deems to be a relatively cost-effective DSM  
9 resource that, arguably, is not being fully taken advantage of. While an increased  
10 investment in the Company's low-income weatherization program is hardly a surrogate  
11 for a large generation plant such as Langley Gulch, it is an example of just one of a  
12 number of potentially low-cost, DSM alternatives that the Commission could analyze  
13 through the IRP process at the end of this year. Another example is the changes to the  
14 Irrigator's Peak Rewards Programs. A thorough analysis of Langley Gulch that contains  
15 the additional information mentioned above might demonstrate that a combination of  
16 DSM measures, retooling of existing thermal generation plants (e.g., converting simple  
17 cycle gas turbines to combined cycle), and other measures, will prove to be the least cost  
18 means to meet load growth.

19 Q. In their motion to stay, the other intervenors in this case urge the Commission to defer a  
20 ruling on Langley Gulch in order to obtain additional information. What is CAPAI's  
21 position in this regard?

22 A. As stated, CAPAI did not join in the motion to stay. Just the same, CAPAI respectfully  
23 urges the Commission to scrutinize whether Idaho Power's assertion that there is  
24 insufficient time for the Commission to defer issuing a ruling on whether to irreversibly  
25 commit to ratebasing Langley Gulch is accurate. If the Commission determines that there

1 is sufficient time to obtain some or all of the additional information identified by the  
2 intervenors, then deferring a ruling on Langley Gulch would seem to be warranted. In  
3 addition, the Company's Integrated Resource Planning process is currently on hold. It is  
4 my understanding that the process will resume in September with a final result estimated  
5 close to the end of the year. The IRP process should shed light on some of the  
6 assumptions that I understand are incorporated into the viability of Langley Gulch, the  
7 possibility of other, lesser cost alternatives, the accuracy of the estimated capacity deficit  
8 date, and so on. Additional time might also provide information such as federal  
9 legislation regarding carbon emissions, the effect of the recession on load growth, Idaho  
10 Power's actions in response to its shareholders' greenhouse gas resolution and how that  
11 might affect Langley Gulch's place in the Company's IRP and, finally, the  
12 implementation of renewable portfolio standards that might be required under state or  
13 federal law. CAPAI urges the Commission to consider whether waiting until this  
14 additional information is available would truly create a risk of blackouts.

15 Q. Are you taking a position as to whether this additional information will prove Langley  
16 Gulch to not be the least cost alternative for meeting load growth?

17 A. No, I am not. I am simply expressing concern regarding the long-term rate implications  
18 of such a large investment on the Company's low-income customers and concern  
19 regarding whether the issues raised by the other intervenors are being given their due  
20 consideration. Again, there is much at stake for all concerned. CAPAI greatly  
21 appreciates the careful and fair analysis that it knows the Commission will give this most  
22 important matter.

23 Q. Finally, does CAPAI have a position regarding Idaho Power's proposal to collect a return  
24 on its investment during construction of Langley Gulch during the plant's construction  
25 period through the use of Construction Work In Progress (CWIP)?

1 A. Though it is an issue unrelated to the merits of Langley Gulch as an appropriate resource,  
2 the Company's application itself seems to suggest that if the Commission believes that  
3 Langley Gulch should be given rate base assurance for Langley Gulch, then use of the  
4 recently enacted legislation granting such assurance is sufficient without the need for  
5 immediate recovery through CWIP. CAPAI agrees with this concession.

6 **IV. CONCLUSION**

7 Q. Would you please summarize your testimony?

8 A. The importance of this case is equaled by the magnitude of the proposed investment in  
9 Langley Gulch. Due to budgetary constraints, CAPAI did not retain a technical expert in  
10 this case and does not, itself, possess the technical expertise to weigh in on numerous  
11 issues raised by those intervenors who argue in favor of deferring a ruling on Langley  
12 Gulch until additional information is available. CAPAI does agree with the other  
13 intervenors that it is imperative to carefully examine whether such lesser cost alternatives  
14 exist and whether they can be implemented in time to meet the estimated point of  
15 capacity deficit, whatever that might be. Most of all, CAPAI respectfully asks this  
16 Commission to balance the temptation to avoid the distasteful prospect of a capacity  
17 deficit against the need to determine whether the perceived point of load deficit is  
18 accurate and whether there are more economical means of avoiding that deficit than  
19 Langley Gulch.

20 Q. Does that conclude your testimony?

21 A. Yes, it does.

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**CERTIFICATE OF SERVICE**

I hereby represent that on the 19<sup>th</sup> day of June, 2009, I have served the foregoing document on the following parties via U.S. Postage and by electronic mail (where available).

Barton L. Kline  
Lisa D. Nordstrom  
Idaho Power Company  
PO Box 70  
Boise, ID 83707-0070

Scott Woodbury  
Deputy Attorney General  
Idaho Public Utilities Commission  
PO Box 83720-0074

Peter J. Richardson  
Richardson & O'Leary  
515 N. 27<sup>th</sup> St.  
Boise, ID 83702

1 Don Reading  
6070 Hill Road  
2 Boise, ID 83703

3 Eric L. Olsen  
4 Racine, Olson, et al  
201 E. Center  
5 PO Box 1391  
Pocatello, ID 83204-1391

6 Anthony Yankel  
7 29814 Lake Road  
Bay Village, OH 44140

8 Ken Miller  
9 Snake River Alliance  
PO Box 1731  
10 Boise, ID 83701

11 Betsy Bridge  
12 Idaho Conservation League  
710 N. Sixth St.  
13 PO Box 844  
Boise, ID 83701

14 Susan K. Ackerman  
15 9883 NW Nottage Dr.  
Portland, OR 97229

16  
17  
18  
19 

20 Brad M. Purdy  
21  
22  
23  
24  
25