

BEFORE THE

RECEIVED

2010 FEB 19 PM 2:36

IDAHO PUBLIC UTILITIES COMMISSION

IDAHO PUBLIC  
UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION )  
OF IDAHO POWER COMPANY FOR A ) CASE NO. IPC-E-09-09  
PRUDENCY DETERMINATION OF )  
ENERGY EFFICIENCY RIDER FUNDS )  
SPENT IN 2002-2007. )

---

DIRECT TESTIMONY OF LYNN ANDERSON

IDAHO PUBLIC UTILITIES COMMISSION

FEBRUARY 19, 2010

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, some of my primary duties are evaluating  
10 energy efficiency policy, opportunities, barriers, efforts  
11 and cost-effectiveness, the results of which are used to make  
12 recommendations to the Commission and other entities.

13 Q. Would you please outline your academic and  
14 professional background?

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

23 I have attended many training seminars and  
24 conferences regarding utility regulation, forecasting,  
25 planning, operations, marketing and program evaluation,

1 including Lawrence Berkeley Laboratory's Advanced Integrated  
2 Resource Planning seminar in 1994, the Northwest Public Power  
3 Association's Troubleshooting Residential Energy Use course  
4 in 2001, and the International Energy Program Evaluation  
5 conferences in 2003, 2005, 2007 and 2009.

6 I began my employment with the Commission in 1980  
7 as a utility rate analyst. In 1983, I was appointed to the  
8 telecommunications section supervisor position and in 1992, I  
9 was appointed to my present position as an economist. In  
10 that capacity, I have been a Staff representative to the  
11 Northwest Energy Efficiency Alliance's Board of Directors and  
12 Cost-Effectiveness Committee, Avista Utilities' External  
13 Energy Efficiency Board, Idaho Power's Energy Efficiency  
14 Advisory Group, the Northwest Power and Conservation  
15 Council's Demand Response Initiative, the Energy Efficiency  
16 and Conservation Task Force of the Idaho Strategic Energy  
17 Alliance, and work groups under the National Action Plan for  
18 Energy Efficiency, including Evaluation, Measurement and  
19 Verification (EM&V).

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

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

1 analyses.

2 Q. What is the purpose of your testimony?

3 A. The purpose of my testimony is to support Idaho  
4 Power's request for the Commission to determine that the  
5 Company's remaining \$14,657,971 expenditures on energy  
6 efficiency programs and efforts from 2002 through 2007 were  
7 prudently incurred.

8 Q. Was the above amount the entire amount that Idaho  
9 Power spent on energy efficiency from 2002 through 2007?

10 A. No, the total amount Idaho Power spent promoting  
11 energy efficiency during those six years was about \$42  
12 million, comprised of Energy Efficiency Rider (Rider) funds  
13 and other funding sources such as the \$1.3 million annual  
14 amount for low-income weatherization that is included in base  
15 rates. Of the total \$42 million, approximately \$29 million  
16 was from the Rider. In Case No. IPC-E-08-10, the Company and  
17 Staff stipulated that all but \$14,657,971 of Rider-funded  
18 program expenses should be found to be prudently incurred.  
19 It is important to note that Staff did not suggest in that  
20 case that the remaining funds were imprudently spent, but  
21 rather that the Company had not yet provided evidence of  
22 sufficient, formal and transparent evaluations of the  
23 programs that were funded by that amount.

24 Q. Why are formal evaluations of energy efficiency  
25 programs so important?

1           A.    Unlike energy demand and consumption, energy  
2 efficiency program results cannot generally be metered -  
3 instead their impacts can only be estimated through a  
4 combination of engineering measurements, verification of  
5 installations and assumptions, and overall program  
6 evaluation.  Evaluation results should be used to both refine  
7 prior estimates of program cost-effectiveness from several  
8 perspectives and to find ways to further improve programs.  
9 Programs that are not properly evaluated will suffer from  
10 unreliable cost-effectiveness estimates and will not likely  
11 be improved to their optimum performance levels.

12           Q.    Has the Company since provided sufficient evidence  
13 of evaluations of its programs for 2002 through 2007?

14           A.    Not entirely.  However, in recognition that there  
15 was an apparent disconnect between what Staff viewed as  
16 sufficient evaluations and what Idaho Power and other  
17 utilities viewed as sufficient, Staff convened a workshop to  
18 fully vet the issues of evaluations and cost-effectiveness  
19 expectations.  With utility input, the Staff hired a  
20 nationally-respected energy efficiency program evaluation  
21 expert to facilitate the workshop.  Several representatives  
22 from the Staff and each utility, i.e. Idaho Power, Avista  
23 Utilities, and Rocky Mountain Power, participated in that  
24 October 5, 2009 workshop.  The end result was an agreement by  
25 each of the utilities to formally evaluate all of their

1 programs on regular, multi-year cycles and to report the  
2 results of those evaluations in their annual demand-side  
3 management (DSM) reports that are filed with the Commission.  
4 In exchange for the utility commitments, Staff agreed that if  
5 the evaluation and reporting commitments are fulfilled and if  
6 there is no evidence of DSM imprudence, then, when requested  
7 by the utilities, Staff would recommend that DSM expenditures  
8 be found prudent by the Commission. Staff also agreed that  
9 it would recommend that Idaho Power's remaining \$14,657,971  
10 of Rider-funded expenses from 2002 through 2007 be found  
11 prudent in the present case before the Commission. Details  
12 of the agreements are described in the *Memorandum of*  
13 *Understanding for Prudency Determination of DSM Expenditures*  
14 that was attached to the Stipulation filed in this case.

15 Q. Is such a prudency finding by the Commission in the  
16 public interest?

17 A. I believe it is. To reiterate, the Staff did not  
18 suggest that any of the prior expenditures by Idaho Power  
19 were imprudent, but only that some programs had not yet been  
20 sufficiently evaluated and that the Company's then stated  
21 plans for future evaluations did not resolve all of our  
22 concerns. As a result of the prior described workshop, the  
23 Staff's major concerns in the past should be resolved as  
24 evidenced by future evaluations, the results of which will be  
25 regularly listed and described in, and attached to, Idaho

1 Power's DSM annual reports.

2 Q. Does this conclude your direct testimony?

3 A. Yes, it does.

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

## CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 19<sup>TH</sup> DAY OF FEBRUARY 2010, SERVED THE FOREGOING **DIRECT TESTIMONY OF LYNN ANDERSON**, IN CASE NO. IPC-E-09-09, BY MAILING A COPY THEREOF, POSTAGE PREPAID, TO THE FOLLOWING:

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

DARLENE NEMNICH  
JOHN R GALE  
IDAHO POWER COMPANY  
PO BOX 70  
BOISE ID 83707-0070  
E-MAIL: [dnemnich@idahopower.com](mailto:dnemnich@idahopower.com)  
[rgale@idahopower.com](mailto:rgale@idahopower.com)

  
\_\_\_\_\_  
SECRETARY

CERTIFICATE OF SERVICE