

BEFORE THE

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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)
IN IDAHO.)
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CASE NO. IPC-E-11-08

DIRECT TESTIMONY OF DONN ENGLISH
IDAHO PUBLIC UTILITIES COMMISSION
OCTOBER 7, 2011

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

3 A. My name is Donn English. My business address is
4 472 W. Washington, Boise, Idaho 83702.

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 senior auditor in the Utilities Division.

8 Q. What is your educational and experience
9 background?

10 A. I graduated from Boise State University in 1998
11 with a BBA degree in Accounting. Following my graduation,
12 I accepted a position as a Trust Accountant with a pension
13 administration, actuarial and consulting firm in Boise. As
14 a Trust Accountant, my primary duties were to audit the
15 day-to-day financial transactions of numerous qualified
16 retirement plans. In 1999, I was promoted to Pension
17 Administrator. As a Pension Administrator, my
18 responsibilities included calculating pension and profit
19 sharing contributions, performing required non-
20 discrimination testing and filing the annual returns (Form
21 5500 and attachments). In May of 2001, I became a
22 designated member of the American Society of Pension
23 Professionals and Actuaries (ASPPA). I was the first
24 person in Idaho to receive the Qualified 401(k)
25 Administrator certification and I am one of approximately

1 ten people in Idaho who have earned the Qualified Pension
2 Administrator certification. In 2001, I was promoted to a
3 Pension Consultant, a position I held until 2003 when I
4 joined the Commission Staff.

5 With the ASPPA, I served on the Education and
6 Examination Committee for two years. On this committee I
7 was responsible for writing and reviewing exam questions
8 and study materials for the PA-1 and PA-2 exams
9 (Introduction to Pension Administration Courses), DC-1,
10 DC-2 and DC-3 exams (Administrative Issues of Defined
11 Contribution Plans - Basic Concepts, Compliance Concepts
12 and Advanced Concepts) and the DB exam (Administrative
13 Issues of Defined Benefit Plans). I have also regularly
14 attended conferences and training seminars throughout the
15 country on numerous pension issues.

16 While with the Commission, I have audited a
17 number of utilities including electric, water and gas
18 companies and provided comments and testimony in several
19 cases that dealt with general rates, accounting issues,
20 pension issues and other regulatory issues. In 2004, I
21 attended the 46th Annual Regulatory Studies Program at the
22 Institute of Public Utilities at Michigan State University
23 sponsored by the National Association of Regulatory Utility
24 Commissioners (NARUC). Since then I have regularly
25 attended NARUC conferences and meetings, primarily the

1 meetings of the Subcommittee of Accounting and Finance.

2 Q. What is the purpose of your testimony in this
3 proceeding?

4 A. The purpose of my testimony in this case is to
5 present Staff's recommendation regarding the level of the
6 Schedule 91 Energy Efficiency Rider (Energy Efficiency
7 Rider, DSM Rider).

8 Q. Are you sponsoring any Exhibits with your
9 testimony?

10 A. Yes, I am sponsoring Exhibit No. 103.

11 Q. What does Staff propose in regard to the Energy
12 Efficiency Rider?

13 A. Staff proposes reducing the DSM Rider rate from
14 its current level of 4.75% of billed revenue to 4.0% of
15 billed revenue.

16 Q. Does Staff propose reducing revenue available for
17 DSM programs?

18 A. Absolutely not. Staff's proposal actually
19 provides an additional \$16.6 million in DSM Rider revenue
20 over 2010 levels. This is a 92% increase in available DSM
21 funds after moving the incentive payments for Demand
22 Response programs and incentives paid under the Custom
23 Efficiency program from DSM Rider funding into base rates.

24 In 2010, Idaho Power collected approximately
25 \$34.6 million in DSM Rider revenue. A 4.0% DSM Rider based

1 on 2011 weather normalized loads yields \$34.8 million.
2 However, Section 6(a) of the Stipulation proposes that
3 \$11.3 million of incentive payments associated with the
4 Company's Demand Response programs be moved from DSM Rider
5 funding and placed into Net Power Supply Expense.

6 Additionally, in Order No. 32245, the Commission
7 allowed Idaho Power to begin accounting for incentives paid
8 through the Custom Efficiency program as a regulatory asset
9 beginning January 1, 2011. This effectively makes
10 available another \$5.1 million (based on 2010 levels) in
11 DSM Rider revenue. Exhibit No. 103 shows how Staff's
12 proposed 4.0% DSM Rider and the removal of the previously
13 discussed incentive payments will result in an additional
14 \$16.6 million in DSM Rider revenue over 2010 levels.

15 Q. What level of DSM Rider funding would be
16 necessary to provide the same level of revenue collected
17 for DSM programs in 2010, after removing incentive payments
18 for Demand Response programs and incentive payments made
19 under the Custom Efficiency program?

20 A. The Company would have to generate approximately
21 \$18.2 million to maintain the same level of funding for its
22 remaining programs funded through the DSM Rider as in 2010,
23 which would be approximately 2.1% of normalized revenues
24 instead of the 4.0% proposed by Staff.

25 Q. Why shouldn't the DSM Rider be decreased further

1 to account for the DSM programs that will no longer be
2 funded by the DSM Rider?

3 A. While a lower DSM Rider could be argued as
4 reasonable, it could falsely signal that Staff and the
5 Commission do not support Idaho Power's DSM efforts. Also,
6 Idaho Power is currently carrying an underfunded deferral
7 balance over \$8 million. This deferral balance is from DSM
8 Rider expenditures that the Commission has already deemed
9 prudent. The deferral balance is, therefore, recoverable
10 from ratepayers. Idaho Power should be allowed to recover
11 the deferral balance and remove this regulatory asset from
12 its books.

13 Also, Idaho Power has routinely spent more on DSM
14 programs than it has collected through the DSM Rider. In
15 2010, DSM Rider funded expenses were \$42.4 million (\$26
16 million after removing incentives for Demand Response and
17 Custom Efficiency programs). Staff's proposal provides
18 approximately \$34.8 million in DSM Rider revenue. When
19 combined with the other programs moved into base rates,
20 total DSM funding would be approximately \$51.2 million. A
21 4.0% DSM Rider provides enough revenue to sufficiently fund
22 the current level of expenses and recover the deferral
23 balance.

24 Furthermore, Idaho Power's 2010 Demand-Side
25 Management Annual Report states that the Company plans to

1 increase participation, energy savings, and demand
2 reduction above existing energy efficiency and Demand
3 Response programs. Additionally, the Company will add
4 measures (as identified in the 2011 IRP) to its existing
5 programs and continue to expand its efforts in energy
6 efficiency education. Though the Commission has ordered
7 the Company as recently as May 17 of this year (Order
8 No. 32245) to pursue all cost-effective DSM - even beyond
9 Energy Efficiency Rider revenues - Staff understands the
10 need to provide the Company with a consistent revenue
11 stream to better match the expenses charged to the Energy
12 Efficiency Rider account.

13 Q. Do you have any additional comments?

14 A. I would like to reaffirm Staff's support of Idaho
15 Power's DSM program activities and its pursuit of all cost-
16 effective DSM. A DSM Rider of 4.0% of base revenues will
17 supply sufficient funding to eliminate the balance in the
18 DSM Rider account in less than one year, and provide ample
19 revenue for expansion of DSM programs. As programs expand,
20 the DSM Rider rate can be reevaluated. Finally, reducing
21 the DSM Rider from 4.75% to 4.0% provides additional rate
22 relief to almost all customers.

23 Q. Does this conclude your testimony in this
24 proceeding?

25 A. Yes, it does.

Idaho Power Company
Demand-Side Management Revenue
IPC-E-11-08

1	2010 Idaho DSM Revenue	34,605,272
2	Less Demand Response Incentive Payments Included in NPSE (Stip 6(a))	11,252,265
3	Less Custom Efficiency Incentives as Regulatory Asset (Order No. 32245)	5,193,650
4	2010 Available DSM Funds for Remaining Programs (1-2-3 = 4)	<u>18,159,357</u>
5	2011 Weather Normalized Revenue (per Stip)	870,005,052
6	Proposed DSM Tariff Rider	4%
7	Normalized Idaho DSM Tariff Rider Revenue (5*6 = 7)	34,800,202
8	Additional Funding over 2010 levels (7-4 = 8)	<u>16,640,845</u>
9	Percentage Increase in DSM Tariff Rider Revenue for Remaining Programs (8/4 = 9)	92%

Exhibit No. 103
Case No. IPC-E-11-8
D. English, Staff
10/07/11

CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 7TH DAY OF OCTOBER 2011, SERVED THE FOREGOING **DIRECT TESTIMONY OF DONN ENGLISH**, IN CASE NO. IPC-E-11-08, BY E-MAILING AND MAILING A COPY THEREOF, POSTAGE PREPAID, TO THE FOLLOWING:

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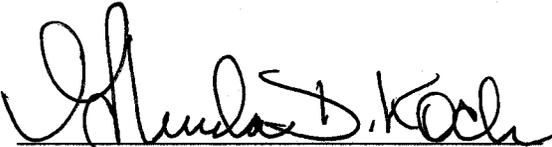
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