

BEFORE THE

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IDAHO PUBLIC UTILITIES COMMISSION

UTILITIES DIVISION

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

REBUTTAL TESTIMONY OF DONN ENGLISH

IDAHO PUBLIC UTILITIES COMMISSION

NOVEMBER 16, 2011

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

3 A. My name is Donn English and my business address
4 is 472 W. 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 senior auditor.

8 Q. Are you the same Donn English that previously
9 submitted testimony in this proceeding?

10 A. Yes. I submitted direct testimony presenting
11 Staff's recommendation to set the Energy Efficiency Tariff
12 Rider ("Tariff Rider") rate at 4.0% of revenues.

13 Q. What is the purpose of your rebuttal testimony?

14 A. The purpose of my rebuttal testimony is to
15 correct or clarify statements made by other witnesses
16 filing testimony in this case regarding the appropriate
17 level of the Tariff Rider.

18 Q. Is there specific testimony filed in this case
19 that you will be refuting?

20 A. Yes, I will refute testimony provided by the
21 Conservation Parties' witness, Nancy Hirsh, and clarify
22 calculations made by Industrial Customers of Idaho Power
23 witness, Dr. Don Reading. Finally, I will reiterate my
24 pre-filed direct testimony and illustrate how a 4.0% Tariff
25 Rider will sufficiently fund DSM programs going forward.

1 Q. What specific arguments from Nancy Hirsh do you
2 disagree with?

3 A. On page 4, line 18 of Ms. Hirsh's direct
4 testimony, Ms. Hirsh states that the Conservation Parties
5 "believe that as electric rates increase so must the
6 funding for energy efficiency." Ms. Hirsh seemingly
7 implies, incorrectly, that funding for energy efficiency
8 has not kept up with recent general rate increases. As my
9 Exhibit No. 103 illustrates, Staff's proposed funding level
10 for Demand Side Management (DSM) programs funded through
11 the Energy Efficiency Tariff Rider is an increase of 92%
12 over 2010 tariff rider revenue levels. Furthermore, as
13 discussed later in my rebuttal testimony, a 4.0% Tariff
14 Rider would generate an extra \$9.3 million over 2010
15 expense levels.

16 Q. On pages 13-14 of Ms. Hirsh's direct testimony,
17 Ms. Hirsh states that:

18 Reducing the rider level will have a negligible
19 impact to each individual ratepayer, but a sizeable
20 impact to Idaho Power's overall energy efficiency
21 budget. Assuming the growth in sales from actual
22 2011 to the 2012 forecast used in this rate case,
23 maintaining a 4.75% rider will generate an additional
24 \$1,597,640 for Idaho Power's energy efficiency
25 programs. When spread across all customers,
maintaining a 4.75% rider has a negligible impact
of less than \$3.36 per customer annually in 2012.

24 Do you agree with Ms. Hirsh's statement?

25 A. No. I am unable to duplicate Ms. Hirsh's math.

1 However, if one calculates the revenue generated by a 4.75%
2 Tariff Rider on the stipulated weather normalized revenue
3 of \$870,005,052, one finds that such a Tariff Rider would
4 generate approximately \$41.3 million. A 4.0% Tariff Rider
5 would generate \$34.8 million, saving customers
6 approximately \$6.5 million while increasing the funding
7 available for DSM programs. The average annual impact per
8 customer of the 0.75% difference is \$13.72 instead of the
9 \$3.36 claimed by Ms. Hirsh.

10 Q. Are there any other points of clarification you
11 would like to make to Ms. Hirsh's testimony?

12 A. Yes. On page 20, line 17, Ms. Hirsh incorrectly
13 implies that the Commission has directed Idaho Power to
14 *acquire* all cost-effective energy efficiency. In
15 actuality, in Order No. 32245, the Commission directed
16 Idaho Power to continue to *pursue* all cost-effective energy
17 efficiency. I believe that Idaho Power has made a good
18 faith effort at pursuing all cost-effective energy
19 efficiency.

20 Q. Did other witnesses file testimony in this case
21 that you believe needs correction or clarification?

22 A. Yes. Industrial Customers of Idaho Power
23 witness, Dr. Don Reading, states in his direct testimony on
24 page 31, lines 13-17 that:
25

1 If the EE Rider is left at 4.75%, and the demand
2 response programs are moved to base rates,
3 customers would be effectively paying the
4 equivalent of a 6.1% EE Rider. A dollar for
dollar reduction in the rider from removing the
\$11.3 million demand response incentive programs
would equal an EE Rider of approximately 3.8%.

5 Dr. Reading's statement is technically correct. However,
6 it fails to consider the \$5.2 million of incentive payments
7 made through the custom efficiency program that the
8 Commission allowed Idaho Power to account for as a
9 regulatory asset in Order No. 32245. The equivalent Energy
10 Efficiency Tariff Rider, after accounting for the \$11.3
11 million demand response incentives and the \$5.2 million
12 custom efficiency incentives, would be 6.7%. A dollar for
13 dollar reduction of the \$16.5 million incentive payments
14 would result in a 2.9% Tariff Rider.

15 Q. How much did Idaho Power spend on DSM programs
16 through the Idaho Tariff Rider in 2010?

17 A. The Idaho Power Demand-Side Management 2010
18 Annual Report indicates that Idaho Power expensed
19 \$42,479,692 through the Idaho Tariff Rider in 2010.
20 However, the Company inadvertently charged \$526,781 of that
21 amount to the Idaho Tariff Rider when that amount should
22 have been directly assigned to the Oregon jurisdiction.
23 Accordingly, in Order No. 32331, the Commission declared
24 that the Company only had prudently incurred \$41,952,911 in
25 Tariff Rider expense.

1 Q. In your direct testimony, you recommended the
2 Commission adjust the Tariff Rider funding level from 4.75%
3 of revenues to 4.0% of revenues. Does the 4.0% Tariff
4 Rider level provide Idaho Power with sufficient funding to
5 continue with the same level of DSM expenses?

6 A. Yes, it would actually provide an extra \$9.3
7 million over 2010 expense levels. Section 6(a) of the
8 Stipulation filed in this case sets an \$11,252,265 base
9 level of demand response incentive payments as Net Power
10 Supply Expenses to be included in base rates. The Tariff
11 Rider has historically funded these incentive payments.
12 Additionally, in Order No. 32245 the Commission allowed
13 Idaho Power to begin accounting for incentive payments made
14 through the Custom Efficiency program as a regulatory asset
15 effective January 1, 2011. During 2010, the Tariff Rider
16 funded Idaho Power's \$5,193,650 in incentive payments under
17 the Custom Efficiency program. In total, the proposed
18 funding changes discussed above would remove approximately
19 \$16.5 million of DSM incentive payments from the Idaho
20 Tariff Rider and place the funding for the incentive
21 payments into base rates. The table below illustrates the
22 available funding for DSM programs if the Idaho Tariff
23 Rider level were to be set at 4.0%:
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1	Weather Normalized Revenues	\$870,005,052
2	Proposed DSM Tariff Rider	4.0%
3	DSM Tariff Rider Revenue	\$34,800,202
4	Incentive Payments in Base Rates	\$16,445,915
5	Total Funds Available for DSM	\$51,246,117

6 Additionally, the Company's Weatherization Assistance for
7 Qualified Customers program administered through the local
8 CAP agencies is also funded through base rates, which
9 increases the total amount available for DSM programs.

10 Q. Have you reviewed the DSM expense levels for
11 2011?

12 A. Yes. Financial information through September 30,
13 2011 was provided to members of the Company's Energy
14 Efficiency Advisory Group at an October 14, 2011 meeting.

15 Q. How do the 2011 DSM expenses compare to 2010?

16 A. Through September 30, 2011 the Company spent
17 approximately \$36.1 million on its DSM programs, which is
18 about 2% greater than what it spent during the same time
19 period the previous year. It appears that 2011 projected
20 expenses through December 31, 2011 will be roughly
21 equivalent to 2010 levels. Additionally, through September
22 30, 2011 the Company has collected \$28.8 million through
23 the Idaho Tariff Rider while expensing \$29.2 million, which
24 shows that the Company is currently expensing approximately
25 the same amount that it is currently collecting through the

1 Tariff Rider.

2 Q. Is there currently a balance in the Tariff Rider
3 account?

4 A. Yes, as of September 30, 2011 the Tariff Rider
5 account had a negative balance of \$8,013,786. This balance
6 had accumulated over previous years.

7 Q. Is there anything you would like to add to your
8 rebuttal testimony?

9 A. I would just like to restate Staff's original
10 position that setting the Tariff Rider level at 4.0%
11 provides the Company with sufficient funding to recover the
12 negative balance in the Tariff Rider account while
13 continuing to expand the Company's DSM programs.

14 Q. Does this conclude your rebuttal testimony in
15 this proceeding?

16 A. Yes, it does.

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 16TH DAY OF NOVEMBER 2011, SERVED THE FOREGOING **REBUTTAL 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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