



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

3 A. My name is Stacey Donohue. 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 Utilities Analyst in the Utilities Division,  
8 focusing on demand-side management (DSM) issues and cases.

9 Q. What is your education, experience and background?

10 A. I received a B.A. in History from James Madison  
11 University in 1999 and a Master's of Public Administration  
12 (M.P.A.) from Boise State University in 2010. Prior to  
13 joining the Commission Staff in 2010, I was employed as an  
14 Energy Specialist at the Idaho Office of Energy Resources  
15 where my main responsibility was managing the administration  
16 of stimulus-funded grant projects. While completing my MPA,  
17 I was hired by the Boise State University Department of  
18 Public Policy and Administration to conduct survey research  
19 and author a report on customer service and state-wide  
20 interagency relationships for the Idaho Transportation  
21 Department, which was presented to the ITD Board. I have  
22 attended the New Mexico State University Center for Public  
23 Utilities' course in Practical Regulatory Training, the  
24 National Regulatory Research Institute's course on  
25 "Electricity's Current Challenges", the International Energy

1 Program Evaluation Conference, as well as multiple web  
2 trainings related to DSM issues. I serve on Idaho Power's  
3 Energy Efficiency Advisory Group (EEAG), Avista's Energy  
4 Efficiency Advisory and Technical Committees, and the  
5 Regional Technical Forum's Policy Advisory Committee. In  
6 addition, I have filed written comments representing Staff's  
7 position in DSM related cases for all three Idaho investor-  
8 owned utilities.

9 Q. What is the purpose of your testimony?

10 A. My testimony rebuts CAPAI witness Teri Ottens'  
11 opinion that the Commission should increase Idaho Power's  
12 Weatherization Assistance for Qualified Customers (WAQC)  
13 program funding. I maintain that Ms. Ottens' definition of  
14 low income funding level "parity" among Idaho electric  
15 utilities does not justify the \$1.5 million (125%) funding  
16 increase she recommends for Idaho Power. I further believe  
17 that uncertainty regarding both program cost effectiveness  
18 and overall need makes significant low income weatherization  
19 funding increases premature in this case. I recommend that  
20 interested parties immediately convene workshops to develop  
21 consistent cost effectiveness criteria, identify appropriate  
22 methods for measuring need, and establish proportional  
23 funding levels.

24 Q. On pages 15 through 17 of her testimony, Ms.  
25 Ottens defines Idaho electric utility "parity" as a

1 relatively equal low income weatherization funding level  
2 based on a dollar per residential customer amount. Using  
3 this definition, do you agree with Ms. Ottens' conclusion  
4 that Idaho Power's funding level should increase by 125%  
5 (from \$1.2 million to \$2.7 million annually) to achieve  
6 "parity" with Avista's current funding level?

7 A. No. Although I agree with Ms. Ottens that Rocky  
8 Mountain Power and Idaho Power are funding their low income  
9 programs at approximately \$5.32/customer and \$3.21/customer  
10 respectively, I disagree with her conclusion that Avista's  
11 per-customer funding level is at \$6.69/customer. Ms.  
12 Ottens' testimony ignores that when the Commission ordered  
13 Avista to spend \$700,000 annually on low income  
14 weatherization in Idaho, that amount was for both its gas  
15 and electric low income weatherization programs. The  
16 funding levels for Idaho Power and Rocky Mountain Power, on  
17 the other hand, are only for those utilities' electric low  
18 income weatherization programs. Ms. Ottens is, therefore,  
19 over-stating Avista's per customer funding level.

20 If Avista continues to spend 60% of its low income  
21 program budget on electric measures, then (using Ms. Ottens'  
22 methodology) the \$420,000 budget divided by Avista's 105,286  
23 electric residential customers (FERC form No. 1, 2010, pg.  
24 304) equates to a \$3.98/customer expenditure. Accordingly,  
25 Idaho Power's low income investment of \$3.21/customer is

1 similar to Avista's and achieves relative "parity", even as  
2 defined by Ms. Ottens.

3 Q. Do you agree that the Commission should seek to  
4 attain parity among utilities as defined by Ms. Ottens?

5 A. No. It makes more sense to provide similar  
6 funding based on need, not on the basis of total residential  
7 utility customers as proposed by Ms. Ottens. Requiring each  
8 utility to fund low income programs based on the total  
9 number of residential utility customers is arbitrary and  
10 does not account for differing levels of need for low income  
11 weatherization in each utility's service territory.

12 Q. Can you suggest a better method of comparing  
13 funding levels among Idaho electric utilities?

14 A. Yes. It would be better to compare proportional  
15 funding levels among the utilities based on factors  
16 measuring relative need for low income weatherization within  
17 each utility's service territory. Possible methods could  
18 include the number of low income customers, number of homes  
19 needing weatherization, and poverty rates. Although these  
20 suggestions are a reasonable starting place for discussions,  
21 determining equitable funding levels is complicated issue  
22 that would be best resolved through the previously mentioned  
23 workshops.

24 Q. Did Ms. Ottens accurately characterize Staff's low  
25 income cost effectiveness concerns on pages 21 and 22 of her

1 testimony?

2 A. In broad terms, yes. Ms. Ottens says she  
3 perceives that Staff seeks "a sort of parity or uniformity  
4 in the cost effectiveness evaluation methodologies used for  
5 the three utilities' programs". She states that Staff  
6 "wishes to know whether, in fact the programs are cost  
7 effective". Finally, Ms. Ottens states that Staff is  
8 looking for "guidance from the Commission" regarding the  
9 incorporation of non-energy benefits in low income costs  
10 effectiveness analysis.

11 While Ms. Ottens' statements on this subject are  
12 generally accurate, Staff believes that cost effectiveness  
13 methodologies, including the treatment of non-energy  
14 benefits, should be reasonably similar between utilities  
15 rather than necessarily "uniform". This is the standard for  
16 other DSM program cost effectiveness calculations and Staff  
17 sees no reason to modify that approach for low income  
18 programs.

19 In a slight departure from Ms. Ottens' perception,  
20 Staff believes that stakeholder workshops are the most  
21 effective venue for establishing the treatment of non-energy  
22 benefits and cost effectiveness methodology. Staff believes  
23 these issues should be resolved before existing low income  
24 funding levels are significantly increased.

25 Q. Would you please explain Staff's concern regarding

1 Idaho low income weatherization programs?

2 A. Staff has identified problematic inconsistencies  
3 among Idaho's utility-funded low income programs. A recent  
4 evaluation of Rocky Mountain Power's low income program by  
5 an independent evaluator revealed problems with program  
6 delivery, oversight, and possibly cost effectiveness. Idaho  
7 Power has yet to complete a post implementation evaluation  
8 of its low income weatherization program, but is it clear  
9 that all three utilities have very different standards for  
10 measuring energy savings, recording measure level data,  
11 providing oversight of Community Action Partnership ("CAP")  
12 agencies, and calculating cost effectiveness.

13 For example, all low income programs should  
14 capture and analyze measure level data from the CAP agencies  
15 so that the list of measures eligible for utility  
16 reimbursement can be effectively analyzed for cost  
17 effectiveness, and if necessary, modified. Currently,  
18 utilities capture wide-ranging amounts and types of data  
19 from the CAP agencies, which negatively impacts program  
20 implementation decisions. This and other discrepancies  
21 should be resolved so that Staff, CAPAI, and the utilities  
22 have a clear understanding of expectations surrounding  
23 program management and cost-effectiveness calculations  
24 before more funds are invested.

25

1 Q. What are Staff's concerns regarding cost-  
2 effectiveness calculations?

3 A. Staff is concerned that the three companies  
4 calculate the cost effectiveness of their low income  
5 programs very differently. While there should be some  
6 flexibility within the methodological details to account for  
7 different circumstances, there should also be common,  
8 general parameters for cost effectiveness calculations  
9 between such similar programs.

10 In particular, all three utilities measure energy  
11 savings differently. Rocky Mountain Power uses a billing  
12 analysis, Avista uses deemed savings per measure, and Idaho  
13 Power uses an energy audit analysis to measure energy  
14 savings. None of these methods are necessarily wrong.  
15 However, they all have substantial shortcomings, which can  
16 include significant over or under-estimation of savings. It  
17 is impossible to accurately assess a program's cost  
18 effectiveness, and how to improve it if necessary, until the  
19 disparate views on how to measure energy savings are  
20 resolved.

21 In addition, there is wide discrepancy on whether  
22 and to what extent non-energy benefits should be included in  
23 the cost effectiveness analysis. Idaho Power does not  
24 include any, but Avista and Rocky Mountain include some  
25 limited and quantifiable non-energy benefits. Avista and

1 Rocky Mountain also include a 10% conservation preference  
2 adder to their low income programs, which Idaho Power does  
3 not include. Disparate methodologies make it difficult, if  
4 not impossible, to draw conclusions about cost effectiveness  
5 among similar programs when the benefits of each are  
6 quantified so differently.

7 Q. Are the three utilities' low income weatherization  
8 programs similar enough that a negative evaluation of one  
9 program calls into question the other programs' cost  
10 effectiveness?

11 A. It certainly could. Idaho Power is not, of  
12 course, responsible for the shortcomings of Rocky Mountain's  
13 program. Nevertheless, according to Ms. Ottens, the CAP  
14 agencies implement the three utility-funded low income  
15 programs in Idaho using "identical implementation standards  
16 dictated by the U.S. Department of Energy" (Direct Testimony  
17 of Teri Ottens, IPC-E-11-08, pg. 22). Therefore, a  
18 significant problem with program oversight or discrepancies  
19 in cost effectiveness calculations is likely to affect all  
20 three programs.

21 Q. Ms. Ottens justifies increasing Idaho Power's low  
22 income funding by \$1.5 million per year citing statistics in  
23 her testimony including rising poverty rates, the  
24 termination of American Recovery and Reinvestment Act (ARRA)  
25 funding, and the backlog of WAQC eligible customers in Ada

1 County. Do you disagree that the economy has impacted the  
2 number of low income customers and their ability to pay  
3 electric bills?

4 A. No. Staff disagrees that this information alone  
5 can identify program need or proper funding levels. Without  
6 proper program implementation and evaluation to determine  
7 cost effectiveness, it is impossible to determine if the  
8 existing program is a reasonable expenditure of rate payer  
9 funds.

10 Q. On page 21 of her testimony, Ms. Ottens indicates  
11 that Staff's concern about increasing Idaho Power WAQC  
12 funding is due to a Rocky Mountain Power Case No.  
13 PAC-E-11-13 in which Rocky Mountain Power asked to  
14 discontinue evaluation of its low income program because of  
15 cost effectiveness. Is she correct?

16 A. Yes, in part. In that case, Staff had serious  
17 concerns about the implementation and evaluation of the  
18 Company's low income program, including program cost  
19 effectiveness. In addressing these issues, Staff had the  
20 following comments:

21 Staff further believes there needs to be a common  
22 understanding and approach with respect to how  
23 utilities implement, evaluate, measure and verify  
24 programs targeted to low income customers. The  
25 Commission Staff, utilities, stakeholders, and  
other interested parties would greatly benefit  
from such an understanding. Similarly, interested  
parties could come to agreement with respect to  
how utilities should manage programs and what degree  
of oversight is necessary.

1 In pursuit of this, Staff recommends that the  
2 Commission host an informal workshop as soon as  
3 possible so that all interested parties can par-  
4 ticipate in a collaborative discussion about the  
5 issues surrounding low income weatherization programs.  
6 Workshop objectives include developing a deeper  
7 understanding of the issues, explore ways to resolve  
8 those issues, and finally, developing an action plan  
9 that creates greater certainty regarding the  
10 implementation and evaluation of low income  
11 weatherization programs. This workshop will allow  
12 Rocky Mountain and the other utilities to consider  
13 ways to enhance the cost-effectiveness of existing  
14 low income programs and/or create new programs that  
15 target low income customers. At the conclusion of  
16 the workshop, Staff will provide the Commission with  
17 a report which will, at a minimum, identify the  
18 agreements reached and recommendations for future  
19 Commission action.

20 Additionally, in Case No. AVU-E/G-11-01, Staff  
21 supported a Stipulation and Settlement that called for the  
22 following:

23 The Company and interested parties will meet and  
24 confer prior to the Company's next general rate  
25 filing in order to assess the Low Income weather-  
26 ization and Low Income Weatherization Education  
27 Programs and discuss appropriate levels of low-  
28 income weatherization funding in the future.

29 In testimony supporting the stipulation in that case,  
30 Staff witness Lobb stated:

31 Staff believes it is time to discuss all issues  
32 associated with the Company's low income weather-  
33 ization program to assure the program is cost  
34 effective, that it remains cost effective and that  
35 sufficient funds based on need are made available.

36 Q. What is your recommendation in this case?

37 A. I recommend that the Commission not increase  
38 funding for the Idaho Power WAQC program by 125% as proposed

1 by CAPAI. Rather, I recommend that the Commission  
2 consolidate the low income workshops approved in Avista Case  
3 No. AVU-E/G-11-01 and proposed in Rocky Mountain Power Case  
4 No. PAC-E-11-13 to resolve issues relating to utility low  
5 income programs and include Idaho Power in these  
6 discussions. These issues include consistent implementation  
7 methodology and cost effectiveness evaluation,  
8 identification of non-energy benefits, proper determination  
9 of need, and appropriate levels of annual low income  
10 funding. CAPAI's request for a funding increase for Idaho  
11 Power's WAQC program should be considered after the  
12 consolidated workshop has resolved administration and cost  
13 effectiveness issues.

14 Q. Does this conclude your testimony in this  
15 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 STACEY DONOHUE**, IN CASE NO. IPC-E-11-08, BY E-MAILING AND MAILING A COPY THEREOF, POSTAGE PREPAID, TO THE FOLLOWING:

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