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IDAHO PUBLIC
UTILITIES COMMISSION

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF IDAHO POWER)
COMPANY'S REQUEST TO TEMPORARILY)
SUSPEND THE A/C COOL CREDIT AND) CASE NO. IPC-E-12-29
IRRIGATION PEAK REWARDS DEMAND)
RESPONSE PROGRAMS.)

IDAHO POWER COMPANY

DIRECT TESTIMONY

OF

M. MARK STOKES

1 Q. Please state your name and business address.

2 A. My name is M. Mark Stokes and my business
3 address is 1221 West Idaho Street, Boise, Idaho 83702.

4 Q. By whom are you employed and in what capacity?

5 A. I am employed by Idaho Power Company ("Idaho
6 Power" or "Company") as the Manager of Power Supply
7 Planning.

8 Q. Please describe your educational background
9 and work experience with Idaho Power.

10 A. I am a graduate of the University of Idaho
11 with a Bachelor of Science Degree in Civil Engineering. I
12 also hold a Masters Degree in Business Administration from
13 Northwest Nazarene University and am a registered
14 Professional Engineer in the state of Idaho.

15 I joined Idaho Power in 1991 as a member of the
16 construction management team responsible for the
17 construction of the Milner Hydroelectric Project. In 1992,
18 I joined the Generation Engineering Department where I was
19 responsible for dam safety and regulatory compliance for
20 Idaho Power's 17 hydroelectric projects. In 1996, I began
21 working with Idaho Power's Hydro Services Group, a new
22 business initiative within the Power Production Department,
23 where I was responsible for business development and
24 marketing. In 1999, I returned to my previous position

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1 within the Power Production Department to administer Idaho
2 Power's dam safety program.

3 In 2004, I accepted a position as the President of
4 Ida-West Energy Company, a subsidiary of IDACORP, Inc. In
5 this role, I was responsible for managing the overall
6 operation of the Company as well as the operation and
7 maintenance of nine hydroelectric projects with qualifying
8 facility status. In 2006, I rejoined Idaho Power's Power
9 Supply business unit as the Manager of Power Supply
10 Planning. The Power Supply Planning Department is
11 responsible for resource planning, operations planning, and
12 short-term load forecasting.

13 Q. What is the purpose of your testimony in this
14 matter?

15 A. The purpose of my testimony is to describe the
16 process applied to develop Idaho Power's Integrated
17 Resource Plan ("IRP"), discuss how demand response programs
18 are accounted for in the IRP, and discuss what the
19 Company's analysis related to the 2013 IRP has led it to
20 conclude with regard to the need for peak-hour resources
21 over the next several years.

22 Q. Please briefly describe the IRP process.

23 A. Idaho Power prepares and publishes an IRP
24 every two years that is premised on the assumption that
25 during the 20-year planning period, Idaho Power will

1 continue to be responsible for acquiring resources
2 sufficient to serve all of the electricity needs of its
3 retail customers in its Idaho and Oregon service areas and
4 that the Company will continue to operate as a vertically
5 integrated electric utility during that time period. There
6 are four primary goals of Idaho Power's resource planning
7 process: (1) identify sufficient resources to reliably
8 serve the growing demand for energy within Idaho Power's
9 service area throughout the 20-year planning period, (2)
10 ensure the selected resource portfolio balances cost, risk,
11 and environmental concerns, (3) give equal and balanced
12 treatment to both supply-side resources and demand-side
13 measures, and (4) involve the public in the planning
14 process in a meaningful way.

15 The preparation of the IRP begins with updating the
16 forecast of future customer demand for electricity.
17 Existing resources, the availability of transmission
18 capacity to import electricity, and the performance of
19 existing demand-side management ("DSM") programs are then
20 accounted for in the load and resource balance. The next
21 step involves evaluation of new DSM programs and the
22 expansion of existing DSM programs. Finally, Idaho Power
23 evaluates portfolios of supply-side resources designed to
24 eliminate any remaining deficits. Resource planning is a
25

1 continuous process that Idaho Power constantly works to
2 improve.

3 Q. Please explain the public involvement process
4 as it relates to the IRP.

5 A. Idaho Power has involved representatives of
6 the public in the IRP planning process since the early
7 1990s. This public forum is known as the IRP Advisory
8 Council ("IRPAC"). The IRPAC is comprised of major
9 stakeholders representing the environmental community,
10 major industrial customers, irrigation customers, state
11 legislators, public utility commission representatives, and
12 others. The IRPAC generally meets monthly during the
13 development of the IRP, and the meetings are open to the
14 public.

15 In addition to the monthly meetings, Idaho Power
16 hosts a generation resource field trip for interested IRPAC
17 members and the public. Idaho Power has also hosted
18 portfolio design workshops for the IRPAC where additional
19 details regarding resource selection are provided and input
20 is solicited on the types of resources to evaluate in the
21 IRP.

22 The IRPAC meetings serve as an open forum for
23 discussions related to the development of the IRP. Idaho
24 Power believes having public involvement is extremely
25 valuable and encourages IRPAC members and the public to

1 submit comments expressing their views regarding the IRP
2 and the planning process in general.

3 Acknowledging that while outside perspective and
4 input is valuable, Idaho Power recognizes that final
5 decisions on the IRP are made by Idaho Power.

6 Q. What is the status of Idaho Power's current
7 resource planning process?

8 A. Idaho Power's last IRP was filed with the
9 Idaho Public Utilities Commission ("Commission") in June
10 2011 (Case No. IPC-E-11-11) and covered the 2011-2030
11 planning period. The Company began its planning process
12 for the 2013 IRP in mid-2012 and has just completed the
13 load and resource balance for the 2013-2032 planning
14 period.

15 Q. What is the load and resource balance?

16 A. The load and resource balance identifies the
17 need and timing of future resources while accounting for
18 generation and demand response from all of the Company's
19 existing resources, forecasted DSM program performance, and
20 planned purchases.

21 Q. Please describe the process for developing the
22 load and resource balance.

23 A. The timing and necessity of future generation
24 resources are based on a 20-year forecast of surpluses and
25 deficits for monthly average load and peak-hour load. The

1 planning criteria for monthly average load are 70th
2 percentile water and 70th percentile load conditions. For
3 peak-hour load, the planning criteria used are 90th
4 percentile water and 95th percentile peak-hour load. The
5 peak-hour analysis is coupled with Idaho Power's ability to
6 import additional energy on its transmission system. Peak-
7 hour load criteria are more stringent than average-load
8 planning criteria because Idaho Power's ability to import
9 additional energy is typically limited during peak load
10 periods.

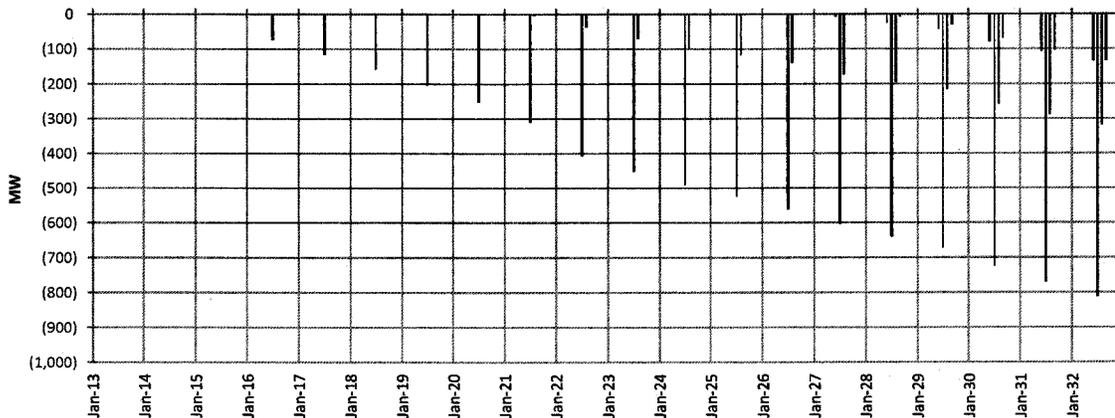
11 Idaho Power has adopted the practice of assuming
12 drier-than-median water conditions and higher-than-median
13 load conditions in its resource planning process.
14 Targeting a balanced position between load and resources,
15 while using conservative water and load conditions, is
16 comparable to requiring capacity planning margin in excess
17 of load while using median load and water conditions.

18 Q. What are the results of the current load and
19 resource balance that is being used to develop the 2013
20 IRP?

21 A. The 2013 IRP peak-hour deficit chart is
22 presented below. The load and resource balance used to
23 create this chart includes the proposed Shoshone Falls
24 upgrade project, but does not include the planned Boardman
25 to Hemingway transmission line project ("B2H"). It also

1 does not include any peak-hour load reduction from existing
2 or new demand response programs. Under these assumptions,
3 the peak-hour load and resource balance does not show a
4 peak-hour deficit until July 2016, and therefore, no need
5 for near-term peak-hour resources like demand response.

Peak-Hour Deficits without Demand Response or B2H
(90th Percentile Water and 95th Percentile Load)



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7 Q. Would the removal of the generation capacity
8 associated with the Shoshone Falls upgrade change the
9 results of the load and resource balance being used for the
10 2013 IRP?

11 A. No, not materially. The Shoshone Falls
12 upgrade project mostly provides generation capacity and
13 energy from October through June. Idaho Power's current
14 analysis of the Shoshone Falls upgrade project shows it
15 only contributes an incremental four average megawatts
16 ("MW") during the month of July, and therefore, whether it
17 is included or excluded from the peak-hour load and
18 resource balances does not materially change the size or
19 timing of the peak-hour deficits.

1 Q. How are existing energy efficiency programs
2 accounted for in the peak-hour load and resource balance?

3 A. Forecast reductions in peak-hour load due to
4 existing and new energy efficiency programs are included in
5 the load and resource balance. Typically, peak-hour load
6 reduction from existing and new demand response programs is
7 also accounted for in the load and resource balance.
8 However, in order to evaluate the need for demand response
9 programs, they have not been included in the version of the
10 peak-hour load and resource balance used to create the
11 deficit chart presented above.

12 Q. How would you interpret the peak-hour deficit
13 chart presented above?

14 A. Over the past decade, the peak-hour load and
15 resource balance has shown that Idaho Power's existing and
16 committed resources were insufficient to meet the projected
17 peak-hour growth in the near-term, and the Company faced
18 significant capacity deficits in the summer months if
19 additional resources were not added. Demand response
20 programs have been successfully used for several years to
21 eliminate near-term deficits and actually delay the need
22 for new supply-side resources. This past summer, over 400
23 MW of demand response program capacity was available to
24 reduce peak-hour load.

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1 Dating back to as early as 2002, growth in
2 summertime peak-hour demand indicated a need for additional
3 resources. The A/C Cool Credit and Irrigation Peak Rewards
4 programs were developed based on future peak summer
5 resource deficiencies identified in the 2002 and 2004 IRPs.

6 The 2006 IRP continued to indicate peak-hour
7 deficiencies in the early years of the planning horizon.
8 At that time, the Company concluded that specific demand-
9 side measures targeting peak-hour demand reduction were a
10 viable solution to address the projected peak-hour
11 deficiencies and that, due to the nature and timing of
12 those projected peak-hour deficits, the programs would have
13 to be carefully designed to cost-effectively address the
14 projected deficits. The 2006 IRP added to the preferred
15 portfolio a set of demand-side programs that were forecast
16 to reduce peak-hour load by 187 MW.

17 Q. After the 2006 IRP was accepted for filing by
18 the Commission, did the Company continue to pursue demand-
19 side resources to obtain peak-hour reductions?

20 A. Yes. By 2009, the IRP included an expansion
21 of the demand response programs, including the new FlexPeak
22 Management program for commercial and industrial customers,
23 and changing the Irrigation Peak Rewards program to include
24 a dispatchable option, that in total, were expected to
25 provide a combined 367 MW of peak reduction by 2012. On

1 page 8 of its comments in Case No. IPC-E-09-33, the
2 Commission Staff acknowledged "if the cost of new
3 generation increases at the rate witnessed in recent years,
4 expansion of DSM programs will continue to be a cost
5 effective means to meet the future demands of Idaho Power
6 customers."

7 During the 2011 IRP planning period, the load and
8 resource balance continued to show that Idaho Power's
9 existing and committed resources were insufficient to meet
10 the projected peak-hour load growth, and significant
11 capacity deficits continued to exist in the near-term
12 summer months. However, the effects of the recession were
13 beginning to slow down the rate of growth of summer peak-
14 hour deficits. It was during this planning period and the
15 filing of Case No. IPC-E-10-46 that Idaho Power proposed
16 including a "needs-based" component to its definition of
17 cost-effective demand response programs. This new method
18 was designed to identify annual levels of demand response
19 needed to delay the addition of a new supply-side resource
20 accounting for the seasonal limitations of the demand
21 response programs. Demand response continued to eliminate
22 the near-term peak-hour deficits in the peak-hour load and
23 resource balance analysis for the 2011 IRP.

24 When the average load and peak-hour load forecasts
25 were prepared for the 2013 IRP, the impact of the recession

1 continued to reduce forecasted load growth. As the Company
2 began updating the generation forecast from existing and
3 committed resources for the 2013 IRP, it became apparent
4 that there were no near-term peak-hour deficits and demand
5 response programs were no longer delaying the need to build
6 a new supply-side resource. In fact, the Company
7 anticipates a lack of near-term capacity deficits until
8 July 2016 without any reduction in peak-hour load from
9 demand response programs or any supply-side resource.

10 Q. In the past, demand response has been included
11 as a resource to help meet peak-hour loads on par with
12 supply-side resources. Is the Company proposing to change
13 this methodology?

14 A. No. Idaho Power has, and continues to give
15 equal and balanced treatment to both supply-side resources
16 and demand-side resources. The timing and necessity of
17 future generation resources are based on a 20-year forecast
18 of surpluses and deficiencies for monthly average load
19 (energy) and peak-hour load. Demand response programs,
20 like A/C Cool Credit, Irrigation Peak Rewards, and FlexPeak
21 Management, target peak-hour periods thus minimizing or
22 delaying the need for building new supply-side resources
23 that would not be needed but for the few potential hours
24 that might occur under the planning criteria of low water
25 and high loads.

1 Q. Are demand response programs equal to supply-
2 side resources?

3 A. No. Supply-side resources are available to be
4 dispatched almost year-round compared to demand response
5 programs that supply a short-term resource for a relatively
6 few hours in the summer in order to defer the need to build
7 supply-side resources.

8 Q. Why has demand response been a resource of
9 choice for Idaho Power?

10 A. Demand response programs are designed to be
11 available for utilization to meet potential system deficits
12 that, by the nature of the peak hour planning criteria of
13 the IRP, are very unusual. These potential deficits could
14 be fairly large in magnitude but are short in duration.
15 Therefore, Idaho Power has determined it has been more
16 cost-effective to utilize demand response programs rather
17 than building a simple-cycle peaking resource that would
18 likely be needed for so few hours. However, with the load
19 and resource balance showing no peak-hour deficits for a
20 few years, it raises the question as to whether these
21 demand response programs should be temporarily suspended.

22 Q. How does the need of the demand response
23 programs play into the planning process of pursuing all
24 cost-effective DSM?

25

1 A. When the Company's existing resources are able
2 to meet all loads, average and peak-hour, throughout the
3 year, the need for the peak-hour load reductions provided
4 by demand response programs does not exist. When the
5 planning process does not identify a need, demand response
6 programs are not cost-effective to operate.

7 Q. Did you discuss your conclusions with regard
8 to the near-term need for additional peaking resources with
9 anyone else at Idaho Power?

10 A. Yes. Once the analysis was completed, I met
11 with the Company's senior officer group and discussed the
12 results of the load and resource balance that indicate
13 Idaho Power did not expect to experience any peak-hour
14 resource deficiencies during the near-term. With their
15 support, I met with Ms. Theresa Drake, Customer Relations
16 and Energy Efficiency Manager, to discuss the findings and
17 the potential actions the Company could take with regard to
18 the demand response programs. Ms. Drake presents the
19 Company's recommendations regarding its demand response
20 programs in her testimony filed in this case.

21 Q. Does this conclude your testimony?

22 A. Yes.

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ATTESTATION OF TESTIMONY

STATE OF IDAHO)
) ss.
County of Ada)

I, M. Mark Stokes, having been duly sworn to testify truthfully, and based upon my personal knowledge, state the following:

I am employed by Idaho Power Company as the Manager of Power Supply Planning and am competent to be a witness in this proceeding.

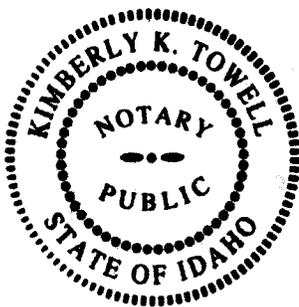
I declare under penalty of perjury of the laws of the state of Idaho that the foregoing pre-filed testimony and exhibits are true and correct to the best of my information and belief.

DATED this 21st day of December, 2012.



M. Mark Stokes

SUBSCRIBED AND SWORN to before me this 21st day of December, 2012.





Notary Public for Idaho
Residing at: Star, Idaho
My commission expires: 12-20-14