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IDAHO PUBLIC
UTILITIES COMMISSION

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE)	
APPLICATION OF ROCKY)	CASE NO. PAC-E-08-07
MOUNTAIN POWER FOR)	
APPROVAL OF CHANGES TO ITS)	Direct Testimony of
ELECTRIC SERVICE SCHEDULES)	Jeffery W. Bumgarner
AND A PRICE INCREASE OF \$5.9)	
MILLION, OR 4.0 PERCENT)	

ROCKY MOUNTAIN POWER

CASE NO. PAC-E-08-07

September 2008

1 **Q. Please state your name, business address and present position with Rocky**
2 **Mountain Power (the Company), a division of PacifiCorp.**

3 A. My name is Jeffery W. Bumgarner and my business address is 825 NE
4 Multnomah Boulevard, Suite 600, Portland, Oregon, 97232. I am currently
5 employed as the Director of Demand Side Management for Rocky Mountain
6 Power.

7 **Qualifications**

8 **Q. Briefly describe your educational and professional background?**

9 A. I received Bachelor of Science degrees in Finance, Business Management, and
10 Sociology from the University of Oregon in 1981, and completed the University
11 of Idaho's Professional Utility Executives for Change summer program in 2003.
12 I have been employed by PacifiCorp since August 26, 1981. My occupational
13 experience in the electric utility industry includes assignments in customer care
14 (call center management, metering and billing); marketing; non-regulated new
15 product and service development; regulated new product and service
16 development; new business development; and demand-side management program
17 design and implementation. I have been in my current position as Director of
18 Demand Side Management since July 2000.

19 **Q. What are your responsibilities as Director of Demand Side Management**
20 **("DSM") for Rocky Mountain Power (the "Company" or "RMP")?**

21 A. My responsibilities include the development of DSM strategy and management of
22 DSM program development, implementation and delivery. I work closely with
23 the Company's integrated resource planning department to identify and

1 incorporate DSM resource opportunities into the resource planning process. DSM
2 program cost-effectiveness validation, decisions on new program introductions,
3 program modifications and program terminations, as well as DSM investment
4 recovery all fall within my department's area of responsibility. My
5 responsibilities span PacifiCorp's six state service territories.

6 **Purpose of Testimony**

7 **Q. What is the purpose of your testimony in this proceeding?**

8 A. The purpose of my testimony is to provide cost analysis information which
9 demonstrates that the DSM investments made by Rocky Mountain Power on
10 behalf of their Idaho customers were prudently incurred. Additionally, I will
11 provide an overview of the Company's DSM programs and results the period
12 from January 1, 2006, through December 31, 2007. This period is in close
13 alignment with the inception of Schedule 191, the Customer Efficiency Services
14 Rate Adjustment (DSM surcharge), implemented May 1, 2006, and included
15 DSM program expenses on and after January 12, 2006.

16 **Q. Are you sponsoring exhibits as part of your direct testimony?**

17 A. Yes. I am sponsoring Exhibit No. 28 which was prepared under my supervision
18 and direction. Exhibit No. 28 documents the benefits and costs and cost-
19 effectiveness results of Rocky Mountain Power's Idaho DSM programs.

20 **DSM Prudency Demonstration**

21 **Q. Why is Rocky Mountain Power requesting a finding of prudence for their
22 DSM investments in this case?**

23 A. In Order No. 30543 approving the increase in the Company's DSM surcharge the

1 Idaho Public Utility Commission directed the Company to “*provide the*
2 *information necessary for a prudence determination in its next general rate*
3 *case.*”

4 **Q. Have the Company’s DSM program’s undergone any reviews or**
5 **evaluations?**

6 A. Yes. The Company has conducted reviews of the load management programs
7 through annual program reports and presentations to the Idaho Public Utility
8 Commission staff. Program performance results, including cost effectiveness
9 assessments, were also filed on the energy efficiency program portfolio for
10 reporting periods January 12, 2006 through March 31, 2007, and January 1, 2007
11 through December 31, 2007. In addition, some of the programs included within
12 the Idaho DSM portfolio have been part of multi-state evaluations conducted by
13 independent third-party evaluators hired to assess program operations, savings
14 contributions and cost effectiveness.

15 **Q. Have these reviews and the analysis results shown in Exhibit No. 28 found**
16 **Rocky Mountain Power’s Idaho DSM programs are cost-effective?**

17 A. Yes. The programs have been cost-effective from both a Total Resource Cost
18 (TRC) and Utility Cost Test (UCT) perspective. Page 1 of Exhibit No. 28 shows
19 that the TRC benefit-to-cost ratio of 3.6 for the overall DSM portfolio (load
20 management and energy efficiency excluding NEEA costs and savings) is cost-
21 effective, with a net TRC benefit to customer of over \$9 million. The TRC and
22 UCT cost for the load management programs were \$9.78/kW-yr and \$31.50/kW-
23 yr, respectively, and can be compared against utility avoided costs of \$55.50/kW-

1 yr. The levelized TRC and UCT cost of the energy efficiency programs were 3.9
2 cents and 2.5 cents per kWh, respectively, compared against utility avoided costs
3 of 8.2 cents. The benefit-to-cost ratios incorporate a conservative 10.41 weighted
4 measure life, do not include non-energy benefits and are calculated utilizing net
5 savings, i.e., inclusive of the impacts of free-rider-ship. As an overall portfolio the
6 DSM investments were also cost-effective from both a Rate Impact Test (RIM)
7 and Participant Cost Test (PCT) perspective with benefit-to-cost ratios of 1.126
8 and 9.990, respectively. Looking at the energy efficiency portfolio separately, the
9 energy efficiency portfolio was cost-effective under all cost tests except the RIM
10 test where the benefit-to-cost ratio was .72.

11 **DSM Programs**

12 **Q. Please provide an overview of Rocky Mountain Power's Idaho DSM**
13 **program portfolio.**

14 A. Rocky Mountain Power worked with our customers and the Idaho Commission in
15 tailoring a set of DSM service and financial incentives that provide the greatest
16 opportunity for participation by all customer sectors. The DSM program portfolio
17 provides service incentives to help customers identify energy management and
18 savings opportunities as well as financial incentives to help lower customer
19 energy costs. The financial incentives are designed to assist customer in cost-
20 justifying the completion of energy efficiency projects that lower their energy
21 usage and or improve the energy utilization or efficiency of their facility.
22 Complementing Rocky Mountain Power's DSM program portfolio is the
23 Company's sponsorship of the Northwest Energy Efficiency Alliance (NEEA).

1 NEEA promotes the regional advancement of energy efficiency efforts, from
2 assisting with the delivery of utility program services, through education, training
3 and working with manufacturers and retailers, to helping with the
4 commercialization of emerging technologies and the advancement of state and
5 regional energy codes and standards. Communications and awareness building
6 support of the Company's DSM program portfolio is accomplished through
7 customer newsletters (Voices), specific program advertising (i.e. See ya later
8 refrigerator media advertising), the Company's "Do the Bright Thing" campaigns,
9 the Company's website under the heading "Save energy & money," retailer point
10 of purchase information and retailer account management, the Company's
11 Customer and Community Management team and DSM program and project
12 management personnel. Virtually all customers have had the opportunity to
13 participate and a great many have directly benefited from the programs offered.
14 As will be described later in my testimony, all customers have indirectly benefited
15 through enhanced cost-efficiencies as a result of this portfolio.

16 **Q. Will your testimony address all the DSM programs and supporting activity**
17 **outlined in your overview of Rocky Mountain Power's DSM program**
18 **portfolio above?**

19 **A.** My testimony will describe the vast majority of the activities just covered with the
20 limited exception of those programs, program components, or supporting
21 communications not directly approved by the Commission for recovery through
22 Schedule 191, the DSM surcharge. The Company's large customer curtailment
23 contracts, the agricultural load management program participation credits, and

1 non-program specific customer communication and education costs will not be
2 addressed in my direct testimony or exhibit. These costs are included in the
3 Company's general rate case filing.

4 **Q. What DSM programs are available to Rocky Mountain Power customers**
5 **subject to the DSM surcharge?**

6 A. The Company offers eight DSM programs, consisting of three residential, three
7 agricultural, and two business programs. Collectively, the programs offer a wide
8 range of services and financial support capable of assisting customers with
9 virtually any energy efficiency project they wish to pursue. Through this review,
10 the Company will demonstrate the programs are prudent and cost-effective for
11 Idaho. The eight DSM programs are as follows:

12 **Residential Programs**

13 Schedule 21 – Low Income Weatherization

14 Schedule 117 – Refrigerator/Freezer Recycling

15 Schedule 118 – Home Energy Savings Incentive

16 **Agricultural Programs**

17 Schedule 72 – Irrigation Load Control Credit Rider

18 Schedule 72A – Irrigation Load Control Credit Rider Dispatch Program

19 Schedule 155 – Agricultural Energy Services Schedule

20 **Business Programs**

21 Schedule 115 – FinAnswer Express

22 Schedule 125 – Energy FinAnswer

23 In addition to the eight programs, the Company's Idaho portion of the NEEA

1 sponsorship is funded through the revenues collected from the DSM surcharge.

2 **Q. Please provide a brief description of the residential programs offered.**

3 A. The *Low Income Weatherization Program* is applicable to income qualifying
4 residential customers that either own or rent single family, multi-family, or
5 manufactured home dwellings in all territory served by the Company in the State
6 of Idaho through Schedule 21. The program is administered through partnerships
7 with local community action agencies including Eastern Idaho Community Action
8 Partnership in Idaho Falls and SouthEastern Idaho Community Action Agency in
9 Pocatello. Agency staff determine income eligibility, analyze homes using a
10 DOE approved audit, and install eligible measures. The program provides
11 incentives covering 75 percent of the cost of eligible measures directly to our
12 partnering agencies. The agencies leverage Rocky Mountain Power's funding
13 with state and federal grants so that services are at no cost to participating
14 households. Weatherization measures including attic, floor and wall insulation,
15 and upgraded windows are installed in electrically heated homes if determined
16 cost-effective through an approved audit. Other measures available to electrically
17 heated homes include ventilation, duct insulation and sealing, weather stripping
18 and caulking, thermal doors, timed thermostats, and furnace repair and
19 replacement. In addition, pipe insulation, energy-efficient showerheads,
20 aerators, and water heater repair and replacement are available to homes with an
21 electric water heater. Other efficiency measures available in all homes
22 include compact fluorescent light bulbs (up to eight installed in fixtures used for
23 two or more hours per day) and refrigerator replacements (existing

1 refrigerators listed in database or monitored with annual usage of 900 kWh or
2 greater). Health and safety measures related to electricity usage also qualify
3 under the program. In addition to direct incentives for eligible measures,
4 administrative cost reimbursement (subject to caps) is available to the partnering
5 agencies delivering program services at 15 percent of the Company's costs for the
6 direct incentives for weatherization measures.

7 The *Refrigerator/Freezer Recycling Program*, marketed as the "See ya
8 later refrigerator" program, is available to Idaho customers served on Schedule 1
9 as well as landlords who own appliances in rental properties served by the
10 Company in the State of Idaho where the tenant is billed under Schedule 1. The
11 Refrigerator/Freezer Recycling program focuses on removing older and less
12 efficient refrigerators and freezers from the market and recycling them to avoid
13 their return through the secondary appliance markets. In addition to free pick-up
14 and removal of their working appliance, customers receive a \$30 incentive, an
15 instant savings kit containing two compact fluorescent light bulbs, a Bright Ideas
16 booklet on energy savings tips and information on other programs available to
17 them. The Company contracts for the program delivery through a third-party
18 vendor, Jaco Environmental, who runs the program nationally for many utilities.

19 The *Home Energy Savings Program* is available to Idaho customers with
20 new or existing residences, multi-family units or manufactured homes served on
21 Schedules 1 and 36 as well as landlords who own rental properties served by the
22 Company in the State of Idaho where the tenant is billed under Schedules 1 and
23 36. The program is administered by a program administrator under contract with

1 the Company. The program provides incentives for the purchase and installation
2 of appliances, lighting, electric water heaters, shell measures and cooling
3 equipment that exceed code or common practice with respect to energy efficiency.
4 Incentives are available on a per-unit basis for most projects. Two incentive
5 delivery options are used. For most measures, customers purchase equipment and
6 submit an incentive application to the program administrator after making the
7 purchase. For compact florescent lamps (CFL), the program pays retailers to
8 mark-down their prices for CFLs, resulting in a lower price to the customer at the
9 point of purchase. Incentives for most measures are available to customers
10 regardless of who installs the equipment. For cooling equipment installations and
11 service(s), incentive availability requires that pre-qualified contractors perform
12 the work to ensure savings are delivered.

13 **Q. Please provide a brief description of the agricultural programs offered.**

14 A. Rocky Mountain Power currently offers two *Irrigation Load Management*
15 *Program* options; Schedule 72, the scheduled forward program and Schedule
16 72A, a dispatchable control option first piloted in 2007. Both programs are
17 available to Idaho agricultural customers receiving service under Schedule 10.
18 Under the scheduled forward control program participating growers are placed on
19 either Monday-Wednesday or Tuesday-Thursday control schedule and are unable
20 to operate their pumps during those scheduled days between the hours of 2-8 pm,
21 excluding holidays. If participating in the dispatchable program option, growers
22 agree to day ahead notification of load control events Monday-Friday between the
23 hours of 2-8 pm for up to 52 hours per season (June 1-September 15), excluding

1 weekends and holidays. The company files comprehensive program reports with
2 the Idaho Public Utilities Commission on these two load management programs
3 each November, for more information on these two agricultural programs please
4 reference the 2006 and 2007 season program reports.

5 The *Irrigation Energy Savers Program* is available to Idaho irrigation
6 customers taking retail service on Schedule 10. It is designed to be the energy
7 efficiency complement to Schedules 72 & 72A, Idaho's irrigation load
8 management programs. The Irrigation Energy Savers program is delivered via a
9 third-party program administrator and has the following components:

- 10 • Equipment Exchange – Provides new standard brass sprinkler nozzles to
11 replace worn ones on hand lines, wheel lines and solid set sprinklers systems.
12 Gasket and drain equipment also qualifies.
- 13 • Pivot and Linear Equipment Upgrades – Incentives are provided for certain
14 pivot and linear system measures including sprinkler packages and regulators.
15 The list of prescriptive incentives is not designed to be exhaustive and other
16 pivot measures are eligible for incentives if energy savings can be calculated
17 and the customer incurs costs to make the changes.
- 18 • System Consultation – This service provides a simple site specific audit of a
19 customer's irrigation system to promote irrigation management and identify
20 energy savings opportunities. This consultation provides information prior to
21 a full pump test.
- 22 • Pump Testing – The pump test includes directly measuring pump lift, flow,
23 electrical demand and system pressures, and is performed after the pump has

1 been screened and the owner's financial criteria understood.

- 2 • System Analysis – The program provides energy engineering to quantify costs
- 3 and savings for system changes which are generally the results of a grower
- 4 needing to make some production driven changes to irrigation equipment.
- 5 Incentives are based on a standard formula tied to costs and first year energy
- 6 savings.

7 **Q. Please provide a brief description of the business programs offered.**

8 A. The *FinAnswer Express Program* is available to Idaho business customers (other
9 than Schedule 10). This program is designed to help customers considering new
10 or replacement lighting, motor, and HVAC (as well as other types of equipment)
11 to purchase and install high efficiency equipment. This program is designed to
12 operate in conjunction with the Energy FinAnswer program. Both new
13 construction and retrofit projects are eligible, though for some measures, incentive
14 availability and incentive levels vary between retrofit and new construction
15 installations to reflect codes, standards, and standard practices. Many of the
16 projects are originated and supported by trade ally networks. Trade allies are the
17 best source for disseminating program information which occurs primarily
18 through personal selling supported by providing project specific incentive
19 estimates for interested customers. To support this important market channel, the
20 FinAnswer Express program provides specialized trade ally support, through the
21 use of a hired trade ally coordinator, for many technologies including lighting,
22 motors and HVAC equipment. In addition, the program contains provisions for
23 program-paid energy analysis to deliver energy savings calculations, upon

1 customer request, for energy savings measures not specified in the prescriptive
2 incentive table.

3 The *Energy FinAnswer Program* is available to all Idaho business
4 customers (other than Schedule 10) with the exception of existing commercial
5 buildings under 20,000 square feet. The program includes program funded
6 energy engineering and cash incentives based on formulas which incorporate
7 project costs as well as energy and capacity savings. On a project specific basis,
8 the available incentive is limited to the amount required to buy the project down
9 to a one year simple payback (based on first year electric energy savings). To
10 enhance new construction market penetration and participation, this limitation
11 does not apply to new construction projects covered by energy codes. Incentives
12 are paid after verification that the energy efficiency measures are properly
13 installed, post installation savings estimates calculated and commissioning
14 completed. Project commissioning is part of the program design for Energy
15 FinAnswer, as it ensures proper operation and compliance with the project's
16 design intent before the full incentive payment is made. Program delivery is
17 handled through a combination of third party energy engineering firms and
18 Company personnel (both customer account managers and DSM project
19 managers). Since the Energy FinAnswer program wasn't introduced in Idaho
20 until May 2008, it isn't included in the analysis portion of Rocky Mountain
21 Power's portfolio review at this time.

1 **Q. Please provide a brief description of Rocky Mountain Power's sponsorship of**
2 **the Northwest Energy Efficiency Alliance (NEEA).**

3 A. The Northwest Energy Efficiency Alliance (NEEA) is a non-profit organization
4 working to encourage the development and adoption of energy efficient products
5 and services. NEEA is supported by the region's electric utilities, public benefits
6 administrators, state governments, public interest groups and efficiency industry
7 representatives. The Company provides funding for NEEA through a multiple
8 year commitment in support of NEEA's activities in Idaho and Washington. The
9 Company and its customers also provide financial support for NEEA in Oregon,
10 albeit indirectly, through funding provided the Energy Trust of Oregon as a result
11 of Oregon's Senate Bill 1149's public purpose charge mechanism. NEEA
12 leverages the funding they receive to assist utilities in the region with the
13 advancement of energy efficient technologies. Two such examples include
14 working with manufacturers and retailers to increase the availability and shelf
15 space of compact fluorescent lighting and high-efficiency appliances. This type
16 of work helps make energy savings technologies more readily available for
17 promotion through utility programs, increasing customer adoption rates and
18 driving down costs in comparison to competing, less efficient lighting and
19 appliances. Other examples of the regional work conducted by NEEA in support
20 of advancing energy efficiency practices and equipment includes their packaging
21 and distribution of energy efficiency information to builders and architects as well
22 as their efforts in helping bring along newly commercialized technologies to the
23 marketplace i.e. energy efficient power supplies for servers and personal

1 computers. In conjunction with providing financial support, Rocky Mountain
2 Power actively participates on NEEA's customer sector advisory groups and
3 maintains a seat on NEEA's Board of Directors. Both activities provide Rocky
4 Mountain Power a voice in helping direct NEEA's activities for the greatest value
5 of our customers and ensure NEEA's coordination with utility program delivery.
6 The energy savings associated with the Company's sponsorship of NEEA are
7 allocated back to utilities based on funding levels.

8 **Q. Do the 2006 and 2007 results shown in Exhibit No. 28 reflect Rocky**
9 **Mountain Power's participation in NEEA?**

10 A. No. The results of NEEA programs, although available for years 2006 and 2007,
11 are based on Rocky Mountain Power's Idaho portion of NEEA's funding, not
12 specifically on identifiable customers and end-use measures. To perform the type
13 of analysis provided for Rocky Mountain Power's DSM program in Exhibit No.
14 28 would require more information than is provided utilities by NEEA. That said,
15 NEEA performs cost-effectiveness calculations on a regional basis and reports
16 levelized costs for NEEA's energy efficiency acquisitions of less than \$.01 per
17 kWh. This compares very favorably with utility administered programs that on
18 average deliver targeted savings at levelized costs of \$.03-\$.04 per kWh (total
19 resource cost perspective). The company's Idaho NEEA investments and savings
20 for calendar years 2006 and 2007 were \$359,137/6,054 MWH and
21 \$360,534/3,957 MWH, respectively.

1 **Q. How does Rocky Mountain Power support the eight programs and related**
2 **activities just discussed?**

3 A. Rocky Mountain Power employees thirteen full-time equivalents (FTE) in the
4 delivery of the demand-side management programs across their six state service
5 area. The core group of 13 FTEs are responsible for program identification,
6 design, implementation, and administration, as well as in some cases working
7 directly with business customers in the delivery of DSM program services, i.e.
8 business energy efficiency and irrigation load control programs being the two
9 most notable examples. Other program delivery support is provided by the
10 company's business centers, corporate departments (legal, procurement, etc.),
11 local trade ally networks, and contracted program delivery vendors i.e. Jaco
12 Environmental, PECCI, low income community action agencies, energy
13 engineering contractors, etc. Of the 13 dedicated in-house DSM employees
14 approximately one FTE (based on hours) was allocated to the support and
15 delivery of Idaho DSM programs in each of the calendar years 2006 and 2007.

16 **Q. How does PacifiCorp set targets for DSM resources?**

17 A. DSM resource targets are set as part of the Company's integrated resource
18 planning process (IRP). Depending on the level of state support, these may be
19 adjusted, as was initially the case in Idaho, based on availability of funding.
20 When Rocky Mountain Power's DSM surcharge was approved in Idaho effective
21 May 1, 2006, the Idaho Public Utilities Commission suggested an initial cap on
22 DSM investments of 1.5 percent in order to limit customer rate impact while
23 Rocky Mountain Power demonstrated its ability to cost-effectively deliver DSM

1 programs. As a result, Rocky Mountain Power limited the initial program set
2 offered and operated the available programs under funding caps. In May 2008 the
3 Idaho Public Utilities Commission approved an increase in the Company's DSM
4 surcharge, which enabled several program enhancements, and the addition of the
5 Energy FinAnswer program to the business customer DSM program set. This
6 increase in funding enables the Company to pursue cost-effective DSM resources,
7 Going forward, Idaho's DSM targets will more closely align with the targets
8 established within the Company's IRP process.

9 **Q. What were the Company's DSM results for 2006 and 2007?**

10 A. Load management results for Rocky Mountain Power's irrigation load
11 management programs (Schedules 72 and Schedule 72a) were 56 MW in 2006
12 and 86 MW in 2007. Detailed information on these two programs, including an
13 assessment of the cost-effectiveness of the programs, is provided to the Idaho
14 Public Utilities Commission each November through a formal filing of the
15 program annual report. Rocky Mountain Power is dedicated to continuing to
16 grow load management programs in Idaho and routinely collaborates with the
17 Idaho Public Utility Commission staff on program direction and effectiveness.

18 Energy efficiency program savings (including NEEA) in 2006 were
19 13,016 MWH and in 2007 were 9,011 MWH. The drop in savings between the
20 two years, despite almost identical program expenditures, was due to three
21 primary factors:

- 22 • Most of the Irrigation Energy Savers program's 2006 participation
23 and savings were derived from equipment exchange measures.

1 During 2007, participation of pivot and linear upgrade measures
2 showed a steady increase but there was a decrease in the more
3 immediate equipment exchange measures. Irrigators are showing
4 an interest in the installation of drives on their systems so requests
5 for system consultation and system analysis increased substantially
6 between 2006 and 2007;

- 7 • The savings attributed to the Company's NEEA investments
8 dropped from 6,054 MWH in 2006 to 3,957 MWH in 2007. The
9 drop in NEEA's results is attributed to upward adjustments in the
10 baselines for lighting and appliances used in developing savings
11 estimates. The more aggressive baseline assumptions are
12 considered quite conservative in that they discount the regional
13 work of NEEA in impacting the national market data used in their
14 development; and
- 15 • Greater requirements on available funding by the load management
16 programs which detracted from the available funding for other
17 energy efficiency programs, specifically the FinAnswer Express
18 program.

19 As noted previously in my testimony, the NEEA savings and costs were
20 deducted from the other utility programs and investments in the development of
21 Exhibit No. 28 which documents the results and cost-effectiveness of Rocky
22 Mountain Power's Idaho DSM programs.

1 **Q. Is the Company planning on further expansions of its DSM efforts in 2008**
2 **and beyond?**

3 A. Yes. In May 2008, the Idaho Public Utilities Commission approved an increase
4 in DSM program funding from 1.5 percent of retail revenue to 3.72 percent of
5 retail revenue in support of further expanding both the load management and
6 energy efficiency programs. DSM targets being modeled within the Company's
7 2007 and 2008 planning processes are migrating towards load management
8 targets of over 250 MW by 2009 (190 percent increase over 2007 load under
9 control) and energy efficiency acquisitions averaging nearly 20,000 MWH
10 annually by 2011 (doubling of savings acquired over 2006 and 2007 levels).
11 Rocky Mountain Power intends to continue to aggressively pursue DSM to the
12 degree cost-effective.

13 **Q. Please summarize the Company's conclusions.**

14 A. The Company's expenditures of tariff rider revenue (and the funds utilized for
15 irrigation load control participation credits) have been reasonable and prudent. A
16 portfolio of programs covering all customer classes has been offered with total
17 savings of over 85 MW of annual load control available and total energy savings
18 of over 12,000,000 kWh (excluding NEEA) over the 2006 and 2007 calendar
19 periods. A 10.41-year levelized utility cost per saved kilowatt hour of 3.9 cents
20 per kWh has been achieved. The levelized avoided costs over the same period
21 were 8.2 cents per kWh. From a conservative UCT perspective, the cost per kW
22 for load management investments was \$9.78/kW-yr against the Company's
23 avoided cost of \$55.50/kW-yr. Based on program performance and annual

1 reports already filed with the Commission and the analysis provided in Exhibit
2 No. 28 Rocky Mountain Power respectively requests that the Idaho Public Utility
3 Commission issue a finding of prudence for the Company's DSM expenditures
4 for reporting periods 2006 and 2007.

5 **Q. Does this conclude your testimony?**

6 **A. Yes.**

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UTILITIES COMMISSION

Case No. PAC-E-08-07

Exhibit No. 28

Witness: Jeffery W. Bumgarner

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

ROCKY MOUNTAIN POWER

Exhibit Accompanying Direct Testimony of Jeffery W. Bumgarner

Program Results

September 2008

The tables below present the cost effectiveness findings of the Idaho 2006-2007 demand side management (DSM) program portfolio. The cost effectiveness analysis was conducted using the 2007 Integrated Resource Plan (IRP) decrement values and the 2007 irrigation avoided cost study. The portfolio includes the following programs:

Residential Programs

- Schedule 21 – Low Income Weatherization
- Schedule 117 – Refrigerator/Freezer Recycling
- Schedule 118 – Home Energy Savings Incentive

Agricultural Programs

- Schedule 72 – Irrigation Load Control Credit Rider
- Schedule 72A – Irrigation Load Control Credit Rider Dispatch Program
- Schedule 155 – Agricultural Energy Services Schedule

Business Programs

- Schedule 115 – FinAnswer Express

Table 1: Common Inputs

Parameter	Value
Discount Rate	7.1%
Line Loss Residential	10.23%
Line Loss Commercial	9.63%
Line Loss Irrigation	9.37%
Residential Energy Rate (\$/kWh)	\$0.0798
Commercial Energy Rate (\$/kWh)	\$0.0813
Irrigation Energy Rate (\$/kWh)	\$0.0700

Table 2: 2006-2007 Program Portfolio

All Measures				Benefit/Cost Ratio
	Costs	Benefits	Net Benefits	
Total Resource Cost Test (PTRC) + Conservation Adder	\$3,687,401	\$13,665,301	\$9,977,900	3.706
Total Resource Cost Test (TRC) No Adder	\$3,687,401	\$13,107,385	\$9,419,983	3.555
Utility Cost Test (UCT)	\$5,481,306	\$13,107,385	\$7,626,079	2.391
Rate Impact Test (RIM)	\$11,639,616	\$13,107,385	\$1,467,768	1.126
Participant Cost Test (PCT)	\$884,603	\$8,836,818	\$7,952,215	9.990

**Table 3: 2006-2007 TRC and UCT (broken down by
 Energy Efficiency and Load Management Portfolios)**

Energy Efficiency Program Portfolio		Load Management Program Portfolio	
Total Resource Cost (TRC)	\$2,481,147	Total Resource Cost (TRC)	\$1,206,254
Weighted Average Measure Life	10.41	Total Resource Benefits	\$7,528,222
Discount Rate	7.10%	Discount Rate	7.10%
kWh Energy Savings	101,057,237	Benefit Cost Ratio	6.24
TRC Levelized Cost	\$ 0.0390	TRC Cost per kW	\$ 9.78
Utility Cost (UCT)	\$1,596,544	Utility Cost (UCT)	\$3,884,762
Weighted Average Measure Life	10.41	Utility Benefits	\$7,528,222
Discount Rate	7.10%	Discount Rate	7.10%
kWh Energy Savings	101,057,237	Benefit Cost Ratio	1.94
UCT Levelized Cost	\$ 0.0251	Utility Cost per kW	\$ 31.50
Comparative Electric Utility Avoided Cost	\$ 0.0815	Comparative Electric Utility Avoided Cost	\$ 55.50

**Table 4: 2006-2007 TRC and UCT (Energy Efficiency
 Program Portfolio with low income program broken out)**

Total Resource Cost Test	Regular Income Portfolio	Limited Income Portfolio	Total Portfolio
Avoided Costs	\$5,106,735	\$472,428	\$5,579,163
10% avoided cost adder	\$510,674	\$47,243	\$557,916
Total TRC Benefits	\$5,617,409	\$519,670	\$6,137,079
Non-Incentive Costs	\$909,357		\$909,357
Customer Costs	\$1,342,520	\$229,270	\$1,571,790
Total TRC Costs	\$2,251,877	\$229,270	\$2,481,147
Net TRC Benefits	\$3,365,531	\$290,400	\$3,655,932
Benefit Cost Ratio	2.49	2.27	2.47
Utility Cost Test	Regular Income Portfolio	Limited Income Portfolio	Total Portfolio
Avoided Costs	\$5,106,735	\$472,428	\$5,579,163
Total UCT Benefits	\$5,106,735	\$472,428	\$5,579,163
Non-Incentive Costs	\$909,357		\$909,357
Incentive Costs	\$457,917	\$229,270	\$687,187
Total UCT Costs	\$1,367,274	\$229,270	\$1,596,544
Net UCT Benefits	\$3,739,461	\$243,158	\$3,982,619
Benefit Cost Ratio	3.73	2.06	3.49

**Table 5: 2006-2007 PCT and RIM (Energy Efficiency
 Program Portfolio with low income program broken out)**

Participant Test	Regular Income Portfolio	Limited Income Portfolio	Total Portfolio
Lost Revenues	\$5,578,287	\$580,024	\$6,158,311
Total Lost Revenues	\$5,578,287	\$580,024	\$6,158,311
Customer Project Costs	\$1,342,520	\$229,270	\$1,571,790
Incentive Costs	(\$457,917)	(\$229,270)	(\$687,187)
Total Participant Costs	\$884,603	\$0	\$884,603
Net Participant Benefits	\$4,693,684	\$580,024	\$5,273,707
Benefit Cost Ratio	6.31		6.96
Rate Impact Test	Regular Income Portfolio	Limited Income Portfolio	Total Portfolio
Avoided Costs	\$5,106,735	\$472,428	\$5,579,163
Total Avoided Costs	\$5,106,735	\$472,428	\$5,579,163
Lost Revenues	\$5,578,287	\$580,024	\$6,158,311
Incentive Costs	\$457,917	\$229,270	\$687,187
Non-Incentive Costs	\$909,357	\$0	\$909,357
Total Non-Participant Costs	\$6,945,561	\$809,294	\$7,754,855
Net Non-Participant Benefits	(\$1,838,826)	(\$336,866)	(\$2,175,692)
Benefit Cost Ratio	0.74		0.72