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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

8 IN THE MATTER OF THE APPLICATION)
 9 OF PACIFICORP DBA ROCKY MOUNTAIN) CASE NO. PAC-E-11-12
 10 POWER FOR APPROVAL OF CHANGES TO)
 11 ITS ELECTRIC SERVICE SCHEDULES)
)
)

COMMUNITY ACTION PARTNERSHIP ASSOCIATION OF IDAHO

DIRECT TESTIMONY OF
TERI OTTENS

I. INTRODUCTION

1
2 Q: Please state your name and business address.

3 A: My name is Teri Ottens. I am the Policy Director of the Community Action Partnership
4 Association of Idaho headquartered at 5400 W. Franklin, Suite G, Boise, Idaho, 83705.

5 Q: On whose behalf are you testifying in this proceeding?

6 A: The Community Action Partnership Association of Idaho ("CAPAI") Board of Directors
7 asked me to present the views of an expert on, and advocate for, low income customers of
8 Rocky Mountain Power ("Rocky Mountain," "Company").

9 Q: Please describe CAPAI's organization and the functions it performs, relevant to its
10 involvement in this case.

11 A: CAPAI is an association of Idaho's six Community Action Partnerships, the Community
12 Council of Idaho and the Canyon County Organization on Aging, Weatherization and
13 Human Services, all dedicated to promoting self-sufficiency through removing the causes
14 and conditions of poverty in Idaho's communities.

15 Q: What are the Community Action Partnerships?

16 A: Community Action Partnerships ("CAPs") are private, nonprofit organizations that fight
17 poverty. Each CAP has a designated service area. Combining all CAPS, every county in
18 Idaho is served. CAPS design their various programs to meet the unique needs of
19 communities located within their respective service areas. Not every CAP provides all of
20 the following services, but all work with people to promote and support increased self-
21 sufficiency. Programs provided by CAPS include: employment preparation and dispatch,
22 education assistance child care, emergency food, senior independence and support,
23 clothing, home weatherization, energy assistance, affordable housing, health care access,
24 and much more.

25 Q: Have you testified before this Commission in other proceedings?

1 A: Yes, I have testified on behalf of CAPAI in numerous cases involving, among others,
2 Rocky Mountain, Idaho Power, and AVISTA, and United Water of Idaho.

3 II. SUMMARY

4 Q: Please summarize your testimony in this case?

5 A: First, CAPAI, for the reasons mentioned herein, does not support and has declined to join
6 in the proposed settlement executed by other parties to this proceeding and currently
7 pending before the Commission by way of motion and stipulation. The settlement raises
8 numerous concerns for CAPAI including the magnitude and frequency of recent general
9 rate case filings, the combination of general rate increases with increasing cost
10 adjustment (revenue stability) mechanisms, the dangers inherent in the frequent use of
11 “black box settlements,” and whether the interests of residential customers, particularly
12 those who are or will soon become low-income, have been adequately addressed through
13 a procedure that lacks transparency. Second, I will present CAPAI’s position on funding
14 for Rocky Mountain’s low-income weatherization assistance program (“LIWA”).
15 Finally, I will respond to the Company’s position on Low-Income Conservation
16 Education.

17 Q: Are there any exhibits to your testimony in this case?

18 A: No.

19 III. CURRENT STATE OF POVERTY

20 Q: Are the concerns and the positions you hold in this proceeding limited strictly to the
21 interests of Rocky Mountain’s low-income customers?

22 A: In the past, the answer to that question would be an obvious and simple yes. But, as
23 everyone is well aware, we are currently experiencing one of the most severe economic
24 crises in our nation’s history. One of the many consequences of this is that the ranks of
25 citizens who qualify as “low-income” are swelling. Poverty rates in Idaho have risen

1 from 12.6% in 2000 to 14.4% in the 2010 census figures representing an additional
2 62,000 Idaho citizens surviving under the Federal Poverty Level. Simultaneously, federal
3 funding of programs designed to assist low-income customers are being reduced or
4 entirely eliminated including the termination of ARRA¹ which provided a substantial, but
5 temporary, boost in federal low-income weatherization funds. The backlog of
6 households in Idaho eligible for low-income weatherization is far too great for AARA to
7 have even come close to eliminating.

8 IV. PROPOSED SETTLEMENT

9 A. Overview

10 Q: Would you please identify the reasons that CAPAI declined to join the settlement
11 proposed in this case?

12 A: As with another recent general rate case settlement,² the proposed settlement stipulation
13 in this case seems to address the issues and objectives of all parties except CAPAI and
14 low-income customers. CAPAI is concerned about Rocky Mountain's rapidly rising
15 rates, the frequency at which general rate cases are being filed, the increasing use of
16 "black box" settlements, combined with the effects of revenue stability mechanisms, the
17 pressure and significance of having multiple filings simultaneously pending before the
18 Commission, including general rate cases for the three largest electric utilities and for
19 Idaho's largest investor owned public water utility³ and a separate filing by Rocky
20 Mountain contending that its LIWA program is not cost-effective.⁴

21 In addition to rapidly rising utility rates, the economy seems to be slipping into
22 recession, unemployment is skyrocketing, and federal assistance programs for low-

23
24 ¹ The "American Recovery and Reinvestment Act."

² Case No. IPC-E-11-08.

³ United Water of Idaho; Case No. UWI-W-11-02.

⁴ Case No. PAC-E-11-13.

1 income customers are being reduced or eliminated putting vulnerable low-income
2 customers directly in the path of a perfect storm. In spite of this, the settlement
3 agreement fails to include an increase in Rocky Mountain's low-income weatherization
4 program (referred to herein as "LIWA"). CAPAI simply could not justify joining in yet
5 another black box settlement agreement resulting in yet another rate increase without any
6 offsetting provision for low-income customers.

7 Q: Does this mean that CAPAI opposes every identifiable element of the proposed
8 settlement?

9 A: Not necessarily. CAPAI's decision to not sign the settlement in whole or in part was
10 certainly not a decision made lightly. There are certain aspects of the settlement that are
11 of obvious, positive value from CAPAI's perspective, such as the fact that the requested
12 non-net power supply costs agreed upon are less than requested and that the residential
13 schedule 1 customer charge will remain at its current level of \$5.00. In a vacuum, such
14 compromises are obviously of benefit to low-income customers who pay those rates and
15 charges but CAPAI, like every other party, assessed the proposed settlement taking into
16 consideration the totality of everything it contains, as well as what it lacks. Furthermore,
17 CAPAI does not begin an analysis of any requested rate increase with the presumption
18 that some degree of rate increase will ultimately be granted. Thus, perhaps a more
19 justifiable rate increase in this case would be considerably less than stipulated to, perhaps
20 none at all. Regardless, for reasons that I will explain in greater detail, CAPAI came to
21 the conclusion that agreeing to the overall settlement as proposed would not be in the best
22 interests of low-income customers or residential customers on the whole.

23 **B. CAPAI'S Evolving Role**

24 Q: Are there particular circumstances that you believe make a general rate case such as this
25 proceeding of significant concern to CAPAI?

1 A: In my opinion, the present case, along with the simultaneously pending general rate cases
2 of Idaho Power and AVISTA, highlight serious events occurring on not just a state or
3 national scale, but globally. The Commission is obviously aware, as are all Americans,
4 of the mounting economic problems faced by all sectors of society. The current
5 pendency of general rate cases for all three of Idaho's largest electric utilities and Idaho's
6 largest regulated water utility,⁵ as well as Rocky Mountain's LIWA evaluation case
7 claiming that the Company's LIWA program is not cost-effective,⁶ combined with the
8 problems I have referred to, could well be unprecedented. Many residential customers
9 who are slightly above the low-income threshold as defined for the purpose of receiving
10 federal and state benefits in Idaho such as LIHEAP, are rapidly slipping below that
11 threshold, qualifying them as low-income. Furthermore, many existing low-income
12 customers have yet to avail themselves of governmental and utility assistance programs
13 such as LIWA but eventually will, especially if the economic crisis continues or spirals
14 further downward and the cost of electricity increases. Thus, the importance of every
15 low-income program, such as Rocky Mountain's LIWA, continues to increase.

16 Q: What role do you see CAPAI filling in terms of its appearance before this Commission
17 given what you have described?

18 A: First, unlike in many other states, it should be noted that there is no regular intervening
19 party to Commission proceedings who represents, exclusively, the interests of non-low
20 income residential customers. While the Commission Staff certainly strives to seek a fair
21 balance taking residential interests into consideration when it takes its positions in any
22 given proceeding, Staff's legal mandate, as with the Commission, requires that it do so
23 for all parties, including the utility.

24
25 ⁵ United Water of Idaho; Case No. UWI-W-11-02.

⁶ Case No. PAC-E-11-13.

1 As the percentage of Rocky Mountain's residential customers who qualify as low-
2 income increases, CAPAI's involvement in proceedings before this Commission expands
3 in depth and scope. Low-income assistance resources are already sadly insufficient to
4 meet the needs of the poor. Rapid expansion of the ranks of the poor without
5 commensurate increase in assistance is of obvious concern to CAPAI. Many of today's
6 non-low-income residential customers are tomorrow's poor. Thus, while CAPAI's
7 mandate is to serve and represent the interests of low-income customers, we must remain
8 aware that this particular population is rapidly expanding and, unfortunately, will include
9 customers who do not yet qualify as low-income. Thus, CAPAI submits that it is the
10 closest thing that Idaho has to a consumer advocate for residential customers at this time.

11 **C. Effects of Simultaneous Filings Problematic for Settlement**

12 Q: Does the timing of the three pending electric general rate cases and the LIWA evaluation
13 case cause any particular problem that CAPAI wishes the Commission to be aware of?

14 A: Yes. As discussed throughout my testimony, there is currently pending a very
15 problematic situation for CAPAI based on the fact that Rocky Mountain's LIWA
16 evaluation case was filed shortly before not only Rocky Mountain's general rate case, but
17 similar cases for Idaho Power and AVISTA.

18 Q: How has this scenario proven to be "problematic" for CAPAI?

19 A: Rocky Mountain's LIWA evaluation case was filed in late April of this year. The
20 Company's application was, apparently, the culmination of the cost-effectiveness
21 evaluation of LIWA it had promised for some time but was completely unexpected in
22 terms of its nature and the relief sought. Rocky Mountain framed its application in a
23 highly unusual manner seeking authority to cease further evaluations on the basis that
24 LIWA is not cost-effective and will never satisfy traditional cost-benefit tests. In
25

1 seeming contradiction, Rocky Mountain asked the Commission to, nonetheless, approve
2 LIWA as a part of the Company's overall DSM portfolio.

3 Q: In what manner was Rocky Mountain's application unexpected?

4 A: By the time Rocky Mountain filed its application, it was known to all that Rocky
5 Mountain, Idaho Power and AVISTA intended to soon file general rate cases. Casting
6 LIWA into such doubt immediately prior to filing its own rate case, as well as the others,
7 was certainly not something that CAPAI anticipated. Furthermore, a cursory review of
8 the CADMUS study filed in support of the application revealed that it was based on a
9 paltry amount of sampling data, reached incomprehensible conclusions, and seemed
10 facially invalid.

11 Q: How did the filing of Rocky Mountain's LIWA evaluation case affect this rate case?

12 A: CAPAI had fully intended to intervene in the three imminent rate cases and seek
13 additional LIWA funding for all three utilities including Rocky Mountain. By
14 characterizing its own program as not being cost-effective, Rocky Mountain did not
15 exactly do itself any favors. From CAPAI's standpoint, the ramifications were
16 immediately obvious. With all three of Idaho's largest electric public utilities set to file
17 general rate cases, as well as United Water, it was obvious that the resources of the
18 Commission, Staff and CAPAI would be stretched to their very limits. Furthermore, the
19 fact that the LIWA evaluation case was not noticed until nearly July and a comment
20 deadline set for the end of September didn't help matters.

21 Q: Would you please identify the specific procedural problems this caused CAPAI?

22 A: The LIWA case cast a shadow over the legitimacy of all low-income weatherization
23 programs in the state making settlement negotiations conducted during this past summer
24 quite awkward. Regardless of the fact that Rocky Mountain's application and supporting
25 study will likely prove to be completely without merit, it was reasonable to assume that

1 Idaho Power and AVISTA might experience unease at the prospect of supplementing the
2 funding of a program that has been called into question as to its prudence. The filing was
3 not likely to put Staff at ease either.

4 Q: Are you suggesting that Rocky Mountain should not have filed its application at all?

5 A: Not at all. The Company was under an obligation to evaluate its DSM programs and the
6 study was long overdue. The lack of care taken to properly evaluate LIWA caused
7 unnecessary concern and procedural challenges.

8 Q: Are there other aspects to the simultaneous pendency of the multiple cases?

9 A: Yes. Although the AVISTA case was the last of the three electric rate cases filed, it was
10 the first scheduled for settlement negotiations. Staff might have had legitimate reasons
11 for this, but CAPAI's primary focus was to bring Idaho Power's LIWA funding level,
12 which had not been increased since its 2003 rate case, into parity with the other utilities.
13 This made settlement with AVISTA first difficult. In any event, it appears that even if
14 the proposed settlement agreements and their stay-out provisions are ultimately approved,
15 the same scenario of multiple rate cases pending might occur again in a year and a half or
16 so. Of greater concern is the fact that the current rate cases do present an opportunity to
17 shore up the LIWA funding levels of all three utilities. The timing of Rocky Mountain's
18 LIWA case has caused a chilling effect on obtaining that effect through settlement
19 compelling CAPAI to take the issue of LIWA funding, as well as others, to hearing.

20 **D. Current Trends of Rate Case Filings and Settlements**

21 Q: What particular components of the rate increase proposed in the settlement does your
22 testimony address?

23 A: As the Commission is well aware, CAPAI typically does not have sufficient financial
24 means to retain expert witnesses to analyze, and provide testimony for, the gamut of
25 components that comprise any given rate increase. CAPAI has historically limited its

1 scope of issues to very few low-income specific issues, such as LIWA funding, rate
2 design, minimum customer charge, etc.

3 Q: Is CAPAI expanding its traditional scope of issues in this proceeding?

4 A: To a limited extent, yes. This is necessitated by several factors including the current
5 economic crisis, the unprecedented spate of general rate cases and LIWA evaluation
6 proceedings currently pending before the Commission, the cumulative impact that
7 frequent general rate case filings by Idaho's three largest electric public utilities has had
8 on residential and particularly low-income customers, the fact that those utilities seem
9 increasingly shielded by various mechanisms that stabilize their earnings putting them in
10 a relatively advantageous position in the economy but have shifted the burden of risk to
11 ratepayers and finally, the fact that all of the other parties agreed to settle yet another
12 general rate case using a "black box" settlement that does not specify a rate of return and
13 allocating the proposed rate increase in a uniform percentage spread across customer
14 classes without first testing the validity of a uniform rate spread through the hearing
15 process.

16 Q: Do you possess any expertise in analyzing either revenue requirement or allocation
17 among customer classes for utility ratemaking purposes?

18 A: No, I do not possess expertise in the areas of utility ratemaking, including revenue
19 requirement issues or rate spread issues. I do have expertise in the perceptions and
20 realities of life for low-income customers and the burden that ever-increasing utility bills
21 poses for those customers. It is in that spirit that I offer my opinions.

22 Q: In light of your statement, is CAPAI taking any specific position on revenue requirement
23 issues?

24 A: Again, not in the technical sense. I believe that Staff always conducts a very thorough
25 analysis of specific revenue requirement issues. CAPAI generally supports the specific

1 issues raised and positions taken by Staff but notes that Staff's settlement position in any
2 case is obviously the result of compromise. It is entirely possible that had every revenue
3 requirement issue identified in this case by Staff been litigated, the outcome might have
4 been a lesser revenue requirement and rate increase than settled upon.

5 Q: Given that you do not purport to have technical expertise in the specifics of ratemaking,
6 what points do you wish to address regarding ratemaking issues?

7 A: I offer an opinion with respect to certain fundamental principles applied to the manner in
8 which rates have been set as of late. I offered more specific opinions in my testimony in
9 the Idaho Power general rate case, but believe doing so is less justified for Rocky
10 Mountain because the Commission resolved many ratemaking issues for the Company
11 just this year in Order No. 32196 issued in Rocky Mountain's 2010 general rate case.⁷

12 The Table of Contents alone in Order No. 32196 is two pages long listing a vast array of
13 technical, ratemaking issues that were resolved. It gives CAPAI a greater sense of ease
14 when issues have recently been litigated before and resolved by the Commission.

15 Q: What then are the fundamental principles you've referred to then?

16 A: CAPAI is concerned about the relatively recent trend of Idaho's three electric utilities to
17 frequently file applications seeking significant rate increases. Rocky Mountain, for
18 example, filed general rate cases in 2005, 2007, 2008, 2009, 2010, and 2011. While not
19 all of those cases necessarily resulted in a general rate increase, Rocky Mountain, in
20 response to CAPAI discovery request No. 4, states that its base tariff rate for the
21 residential class has increased 25% since 1989 and 22% since the year 2000 alone.

22 Q: What increases have been made to Rocky Mountain's LIWA funding since its inception?

23 A: Rocky Mountain has increased its LIWA funding only twice in the past 21 years from
24 \$75,000 in 1989 to its current level of \$300,000 ordered by the Commission this year.

25 ⁷ Case No. PAC-E-10-07.

1 The most recent increase of \$150,000 was ordered by the Commission, over the
2 Company's objection, in Rocky Mountain's 2010 general rate case.⁸ While LIWA is
3 obviously of tremendous importance to CAPAI, one must remember that even if LIWA
4 funding increases were increased by the same percentage as every Rocky Mountain rate
5 increase, LIWA is a program that, due to its extremely limited funding, impacts only a
6 fraction of the Company's low-income customers.

7 Q: Are there other concerns you have about frequent general rate cases?

8 A: There are several, including the fact that it can result in situations such as that currently
9 pending where there are several rate cases being processed simultaneously. Not only
10 does this stretch the resources of Staff, the Commission, and the parties quite thin, it
11 places considerable demand on CAPAI's limited resources. Furthermore, it creates a
12 sense of overwhelming despair on the part of low-income customers whose ability to
13 simply pay for life's necessities continue to plummet while their utility bills skyrocket.
14 Though "stay-out" provisions are often negotiated as a result of rate case settlements,
15 they typically last only a year or two and it goes without saying that the non-utility
16 settling parties give up something of value in exchange for them.

17 Q: What other ratemaking principles applicable to this case concern you?

18 A: Though CAPAI acknowledges that "black box" settlements can be a useful tool under the
19 right circumstances, they seem to have become the rule, not exception. It simply does not
20 sit well with many if not most residential customers, especially low-income, when they
21 learn that their electric utility has obtained yet another substantial increase through a
22 confidential settlement process. Those customers with the sophistication necessary to
23 truly analyze the terms and conditions of a rate case settlement will likely be disturbed by
24 this lack of transparency.

25 ⁸ Case No. PAC-E-10-07.

1 Q: Are there other aspects of black box settlements that trouble CAPAI?

2 A: Without the benefit of airing out ratemaking issues in the course of a public proceeding,
3 the potential for distrust and unease increase as settlements are based on increasingly
4 stale data. This can involve anything from rate of return to rate spread, the latter of
5 which is of particular concern for CAPAI. Recent black box settlements have typically
6 included a uniform percentage rate spread among customer classes, even when the utility
7 in question's cost of service study shows that some classes are being largely subsidized
8 by others. Though it varies, the residential class is often shown to be paying more than
9 its cost of service. Regardless of the subjective nature of cost of service studies, this
10 trend toward deferring needed rate spread corrections to the future does little to engender
11 confidence in this opaque process.

12 Q: Are you suggesting that the Commission never approve black box settlements in this case
13 or the future?

14 A: No. I simply wish to offer one point of view suggesting that this form of rate case
15 resolution should not become an automatic default position for the sake of reaching
16 settlement and avoiding litigating a general rate case, in whole or in part, before the
17 Commission.

18 **E. Revenue Sharing Mechanisms Exacerbate Foregoing Concerns**

19 Q: How does Rocky Mountain's power cost adjustment mechanism (ECAM) factor into
20 your testimony?

21 A: My limited knowledge is that the origin of cost adjustment mechanisms can be found
22 during extended periods of extraordinary drought during the 1990s leading Idaho Power
23 to seek and the Commission to approve a mechanism that would avoid the need for that
24 utility to file frequent "drought surcharge" cases during times of high power supply costs
25

1 while sharing with ratepayers the benefits of lower power supply costs resulting from
2 things as basic as weather and market forces.

3 Q: Are you contending that mechanisms such as Rocky Mountain's ECAM should be
4 eliminated?

5 A: Absolutely not. But I am pointing out why these types of mechanisms exacerbate the
6 effect that rapidly increasing rates have on low-income ratepayers. It is my
7 understanding that before Idaho's PCA was first approved, electric utilities often went
8 extended periods of time between general rate cases. A PCA allows utilities to forgo
9 filing general rate cases because of simple variations in power supply costs, even during
10 periods of extended drought or rising costs of non-hydro power supply such as coal costs
11 and off-system market prices of purchased power. This should seem to be the effect on
12 Rocky Mountain as well by virtue of its ECAM. Though that particular cost adjustment
13 mechanism has not been in place for as long as Idaho Power's, Rocky Mountain appears
14 to be in a pattern of filing general rate cases every year. The current Rocky Mountain
15 proposed rate increase is based in large part on increased base power supply costs. Thus,
16 from the standpoint of low-income customers, rapidly increasing base rates combined
17 with ECAM adjustments that increase their bills is confusing and compounding. It seems
18 to me that the ECAM and all other revenue stability mechanisms provide greater
19 assurance to utility's than to their customers which one could argue amounts to risk-
20 shifting. Whether this is fully factored into any given utility's authorized return is
21 difficult to discern.

22 Q: What effect has this had on low-income customers?

23 A: Low-income customers, due to a lack of resources, have relatively limited ability to
24 control their consumption and their bills and constitute the most vulnerable customer base
25 to increasingly higher rates. For these customers, the LIWA program is currently the

1 only viable means to reduce their electric bills and, to a limited extent, offset some of the
2 frequent rate increases granted to Rocky Mountain.

3 V. LIWA FUNDING

4 A. Overview

5 Q: What is CAPAI's proposal regarding Rocky Mountain's LIWA program in this case?

6 A: CAPAI proposes that Rocky Mountain's LIWA funding level be increased to the amount
7 necessary to bring the Company into parity with AVISTA's funding level on a per capita
8 basis.

9 Q: Isn't it true that the Commission recently doubled Rocky Mountain's LIWA funding
10 level?

11 A: Yes. Rocky Mountain, however, was historically investing such a small amount of
12 capital into its LIWA program that the recent doubling should be put into proper context.
13 The facts and recommendations set forth in my Idaho Power testimony apply equally to
14 this case if adjusted for the specific facts pertinent to Rocky Mountain's program.

15 Q: Would you please summarize how CAPAI arrived at its positions in the three general rate
16 cases concerning the issue of LIWA?

17 A: When CAPAI first learned that there would likely be a nearly simultaneous filing of all
18 three major electric utilities in Idaho, it began formulating a set of objectives for its
19 participation in those proceedings. During that process, it was realized that
20 notwithstanding the fact that Rocky Mountain was recently ordered to increase its LIWA
21 funding, AVISTA was still funding approximately 25% more than Rocky Mountain and
22 over 200% more than Idaho Power. CAPAI had originally intended to seek additional
23 LIWA funding from AVISTA to stop the widening gap between need for LIWA and
24 available funding. CAPAI adheres to and advocates several principles in matters before
25 this Commission. One of those principles is that of parity or, simply put, basic fairness.

1 Because of the problematic timing of the three general rate cases, as well as the order in
2 which Staff noticed settlement discussions, CAPAI determined that, considering the
3 circumstances, the objective of bringing the LIWA funding levels of the three utilities
4 into relative parity outweighed obtaining greater funding from AVISTA.

5 Q: Couldn't CAPAI have sought both objectives?

6 A: Yes, but because AVISTA was noticed for settlement first, any increase in AVISTA's
7 funding would necessitate even larger increases in the funding of Rocky Mountain and
8 Idaho Power to achieve parity. CAPAI submits that parity applies to this issue in several
9 respects. First, there is no logical reason for the three utilities to fund at significantly
10 different levels. The evidence presented by CAPAI over the years, and presumably part
11 of the basis for Commission rulings, demonstrates that there exists such a sizeable gap
12 between need and resources for all three utilities, that there is certainly no risk of over-
13 funding LIWA in that sense. CAPAI believes that it was more important to focus on
14 bringing Rocky Mountain and Idaho Power into line with AVISTA's funding. This
15 parity is needed to treat both the utilities' shareholders with relative equality as well as
16 their low-income customers who need the assistance that LIWA offers. It is arguably
17 discriminatory to allow large disparities in LIWA funding to continue. Thus, CAPAI
18 agreed to join the AVISTA settlement, but has made clear from the outset that it intends
19 to seek parity in funding.

20 Q: How did AVISTA's per capita funding level reach such a higher level than the other two
21 utilities?

22 A: AVISTA agreed to nearly double its funding from \$465,000 to \$700,000 through
23 settlement approved by the Commission in Case No. AVU-E-10-01. As stated earlier,
24 Rocky Mountain's funding has only been increased twice in 21 years and was at an
25

1 unjustifiably low level when it was doubled from \$150,000 to \$300,000 by Commission
2 Order No. 32196 in Case No. IPC-E-10-07 issued February 28 of this year.

3 Q: How do the current funding levels of the three utilities compare now?

4 A: AVISTA funding is currently the highest per capita and is more than 200% higher than
5 Idaho Power and roughly 25% higher than Rocky Mountain Power.

6 Q: Please explain how you arrived at this conclusion?

7 A: I divided the total program funding by the number of each utility's Idaho electric
8 residential customers. The customer numbers were obtained from each utility and is the
9 most recent data I had at my disposal when I made these calculations. To the extent that
10 there exists a more accurate customer count, CAPAI would obviously prefer that figure
11 for comparison purposes. AVISTA funds at \$700,000 and has 104,609 Idaho electric
12 customers for a per capita level of \$6.69/customer. Rocky Mountain Power funds at
13 \$300,000 and has 56,430 Idaho electric customers for a per capita level of \$5.32. Idaho
14 Power funds at \$1.2 million and has 391,759 Idaho electric customers for a per capita
15 level of \$3.06.

16 Q: Would you please explain why prolonged, substantial disparity between the three electric
17 utilities' LIWA programs is not fair, just and reasonable?

18 A: If there is substantial funding disparity between the three utilities, then customers of those
19 utilities are either being treated preferentially or discriminated against. Because the costs
20 of low-income weatherization programs are passed on to ratepayers, there exists a
21 legitimate concern about whether rates are fair, just and reasonable, at least to the extent
22 that they are affected by LIWA funding.

23 Q: Are there other considerations that convinced CAPAI to join the recent AVISTA
24 settlement in Case No. AVU-E-11-01?

1 A: There were several. The consideration most pertinent to this case is the fact that
2 AVISTA agreed to increase its conservation education program by 25% increasing it
3 from \$40,000 annually to \$50,000. Incidentally, Rocky Mountain continues to
4 strenuously resist any attempt to even continue its conservation education program, let
5 alone increase its funding.

6 Q: Would you please summarize exactly what you are seeking from the Commission with
7 respect to Rocky Mountain's LIWA program?

8 A: CAPAI proposes, as it did for Idaho Power, that Rocky Mountain's funding level be set
9 at whatever funding amount is necessary to equal AVISTA's funding on a per capita
10 basis. CAPAI proposes using the most recent data available to calculate the precise
11 amount of increase needed to bring Rocky Mountain to parity with AVISTA. Using Ms.
12 Ottens' per capita AVISTA calculation of \$6.69/customer multiplied by her most recent
13 Rocky Mountain Idaho residential customer population figure of 56,430 yields a needed
14 increase of \$77,517 for a total annual funding level of \$377,517.

15 Q: How do you respond to a possible argument that Rocky Mountain's funding should not
16 be increased so soon after the 2010 rate case order was issued?

17 A: Although Rocky Mountain's funding was increased earlier this year, it must be
18 remembered that the Company went an extraordinarily long time without any increase.
19 Furthermore, Rocky Mountain has filed more general rate cases since 2005 than either of
20 the other two utilities. Finally, if the Commission agrees to embrace parity in LIWA
21 funding, this will bring the utilities on an even level and make future LIWA funding
22 evaluations simpler.

23 **B. Widening Gap Between Need and Resources for LIWA**

24 Q: What is the status of the disparity between the need for LIWA and availability of
25 resources?

1 A: In spite of the injection of funds through the now-expired AARA, the disparity continues
2 to increase. Though difficult to predict with precision, it is likely that Rocky Mountain
3 customers will have to wait for an average of 8 years and quite possibly might never
4 receive benefits under the program.

5 **C. CASE NO. PAC-E-11-13 – Rocky Mountain’s LIWA Evaluation Case**

6 Q: You have discussed the pending Rocky Mountain proceeding seeking authorization to
7 discontinue cost-effectiveness evaluations of LIWA on the basis that the program is not
8 cost-effective and the chilling effect it has had on increasing LIWA funding for all three
9 utilities. Why does CAPAI oppose deferring LIWA funding increases pending resolution
10 of Rocky Mountain’s 11-13 case?

11 A: The LIWA evaluation filing has seemed to have had an unfortunate chilling effect on not
12 only Rocky Mountain’s LIWA program, but possibly Idaho Power’s and AVISTA’s
13 programs as well. While CAPAI is quite confident that the CADMUS study is so flawed
14 that it is meaningless, and bases this contention on the work of a prominent national
15 expert in the field of evaluating the cost-effectiveness of low-income programs retained
16 by CAPAI to properly analyze the effectiveness of LIWA, Rocky Mountain’s filing
17 seems to have needlessly cast a pall over other parties’ perception of LIWA and called
18 into question whether additional funding for the program is appropriate pending a
19 resolution of the LIWA evaluation case.

20 Q: Has the Commission recently spoken to the issue of LIWA’s cost-effectiveness?

21 A: Yes. In Order No. 32196 issued February 28, 2011 in Case No. PAC-E-10-08, the
22 Commission stated on pp. 61-62, in reference to Rocky Mountain’s LIWA program that:
23 “[w]e find that RMP does not dispute the cost-effectiveness of its Schedule 21
24 weatherization program for its low-income customers.”

25 Q: What is the status of the LIWA cost-effectiveness case?

1 A: Both Staff and CAPAI have submitted comments in response to Rocky Mountain's
2 application. As I just mentioned, CAPAI, using the detailed analysis performed by its
3 expert, submitted extensive comments demonstrating precisely how the cost-
4 effectiveness evaluation conducted on behalf of Rocky Mountain was flawed and what
5 effect it had on the ultimate outcome of the study. CAPAI's expert concludes that there
6 is no doubt that, if properly evaluated, Rocky Mountain's LIWA program will prove
7 cost-effective.

8 For its part, Staff also noted a number of deficiencies so serious that it proposes
9 that the parties to that case convene in a workshop setting to resolve the complicated task
10 of properly evaluating low-income weatherization programs. In its comments, Staff
11 noted its "long history of support for low-income weatherization programs" and cited
12 from a Commission Order dating back to 1989 identifying the types of benefits provided
13 by LIWA. Staff also quoted from the Commission's final order in Rocky Mountain's
14 2010 rate case in which the Commission noted its continued support for LIWA and that it
15 was not disputed that the program is cost-effective.

16 Q: Would you summarize CAPAI's position that increased LIWA funding should not be
17 deferred pending resolution of the LIWA evaluation case?

18 A: The program funding levels are substantially disproportionate, resulting in disparity and
19 unfairness for utilities and ratepayers. Allowing this disparity and the resulting
20 preferential/discriminatory effects to continue is not fair, just or reasonable. Second,
21 there are economic consequences to losing the opportunity to present the issue to the
22 Commission in this and Idaho Power's rate cases.

23 Q: What economic consequences are you referring to?

24 A: Although CAPAI could ostensibly initiate a docket by way of petition solely for the
25 purpose of increasing LIWA funding after Rocky Mountain's LIWA evaluation program

1 is concluded, this constitutes a lost opportunity for CAPAI. My understanding is that
2 general rate proceedings are considered an opportunity to present most relevant issues to
3 the Commission.

4 Q: So it is possible for CAPAI to file an application for LIWA funding increases outside the
5 context of a pending general rate case?

6 A: To my knowledge, any individual or entity may file an application or petition with the
7 Commission at its discretion but it is not always financially feasible for CAPAI to do so.
8 A pending general rate case offers advantages for an organization with limited resources
9 such as CAPAI. I am not an attorney and do not profess to have any legal expertise. I
10 am, however, familiar with the basic elements of Idaho law and the Commission's
11 procedural rules pertaining to intervenor funding. There are a number of criteria that an
12 intervenor must satisfy in order to be entitled to a funding award. Absent the possibility
13 of obtaining such an award, it is a financial strain for CAPAI to formally intervene in
14 proceedings before the Commission. Furthermore, there are essentially economies of
15 scale that exist when a general rate case is pending for a utility that constitute an
16 economic opportunity for CAPAI to have its issues addressed. Because the Commission
17 generally allows any and all issues to be raised during the course of a general rate case, it
18 is procedurally less complicated and costly for CAPAI to intervene in a pending case than
19 to initiate a new one.

20 VI. CONSERVATION EDUCATION

21 Q: Have you reviewed the testimony filed by Rocky Mountain witness Barbara Coughlin
22 regarding the low-income conservation education program ("Con-Ed")?

23 A: Yes I have.

24 Q: What is your response to Ms. Coughlin's testimony?
25

1 A: Though I possess no legal expertise and assume that Ms. Coughlin is not an attorney, it
2 seems that she has essentially restated the arguments made by Rocky Mountain in post-
3 hearing briefing at the conclusion of Case No. PAC-E-10-07. I point out that both
4 CAPAI and Rocky Mountain have already submitted extensive briefing on the issue of
5 whether a prior settlement agreement should be construed as an agreement by Rocky
6 Mountain to fund its Con-Ed program on an annual basis, or whether it was a one-time
7 expenditure. I see no reason to reiterate points already made by CAPAI's attorney in
8 briefing from last year's rate case.

9 Q: Does Ms. Coughlin present any factual information or technical analysis that wasn't
10 already put before the Commission in the last rate case?

11 A: I see nothing in Ms. Coughlin's not already stated and put before the Commission in the
12 past case. I do note that Ms. Coughlin seems to suggest that the Company is willing to
13 have a dialogue with the Community Action Agencies that administer the Con-Ed
14 program and agree that such dialogue would be warranted. Ms. Coughlin suggests that it
15 might not be possible for the agencies to distribute 500 kits per year as was the original
16 agreement. This is the type of concern that could be addressed through collaboration
17 between the agencies and Rocky Mountain.

18 Q: Do you have an update on the status of distributing the conservation kits under Rocky
19 Mountain's program?

20 A: Yes. It was agreed by all concerned that the best time to distribute the remainder of the
21 kits would be the commencement of the LIHEAP season which starts today. All kits are
22 expected to be distributed by year's end.

23 Q: Do you have any response to Ms. Coughlin's suggestion that there be a "consistent state-
24 wide approach" to Con-Ed?
25

1 A: CAPAI would support such a proposition to the extent feasible. There are obvious
2 unique characteristics between the three electric utilities that might prevent a perfectly
3 consistent model for Con-Ed, but to the extent possible, it would be desirable to CAPAI.
4 In this regard, I point out that both Idaho Power and AVISTA's Con-Ed programs are
5 funded annually. In fact, AVISTA agreed to increase funding for its program by 25% in
6 the recently approved settlement in Case No. AVU-E-11-01. If Rocky Mountain truly
7 desires a consistent state-wide approach, then it is only logical to continue funding Rocky
8 Mountain's program on an annual basis as well.

9 VII. CONCLUSION

10 Q: How would you summarize your testimony in conclusion?

11 A: I greatly appreciate the opportunity to present a low-income customer's perspective on
12 the many issues and challenges facing that customer today. I also appreciate the
13 Commission's consideration of this perspective. My testimony is obviously not that of an
14 expert in the technical aspects of a general ratemaking such as determining revenue
15 requirement and allocation. The purpose of my testimony is to explain why the type of
16 settlement currently before the Commission is unbalanced from the point of view of a
17 low-income Rocky Mountain customer who struggles with the fact that his or her bill
18 seems to constantly increase. The frustration that accompanies this is elevated by that
19 same customer's inability to do anything to modify his or her consumption. A settlement
20 that does nothing but exacerbate the many inequities I suggest exist by failing to simply
21 increase funding of the only resource available to low-income customers is neither fair,
22 just nor reasonable.

23 Q. Does this conclude your testimony?

24 A. Yes, it does.

CERTIFICATE OF SERVICE

I, the undersigned, hereby certify that on the 2nd day of November, 2011 I served a copy of the foregoing document on the following by electronic mail.

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