

BEFORE THE

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IDAHO PUBLIC UTILITIES COMMISSION

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

REBUTTAL TESTIMONY OF STACEY DONOHUE

IDAHO PUBLIC UTILITIES COMMISSION

DECEMBER 2, 2011

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

3 A. My name is Stacey Donohue. My business address is
4 472 West Washington Street, Boise, Idaho.

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

6 A. I am employed by the Idaho Public Utilities
7 Commission as a Utilities Analyst in the Utilities Division,
8 focusing on demand-side management (DSM) issues and cases.

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

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

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

9 Q. What issues will you be addressing in your
10 testimony?

11 A. My testimony addresses the direct testimony of
12 CAPAI witness Teri Ottens' regarding her recommendation for
13 the Commission to increase Rocky Mountain Power's low income
14 program funding. I maintain that Ms. Ottens' definition of
15 low income funding level "parity" among Idaho electric
16 utilities does not justify the \$77,517 funding increase she
17 recommends for Rocky Mountain Power. I further believe that
18 uncertainty regarding both program cost effectiveness and
19 overall need makes significant low income weatherization
20 funding increases premature in this case. I recommend that
21 workshops be immediately convened by interested parties to
22 develop consistent cost effectiveness criteria, identify
23 appropriate methods for measuring need, and establish
24 proportional funding levels.
25

1 While I agree with Ms. Ottens that funding for
2 Rocky Mountain Power's Conservation Education (Con-Ed)
3 program for low income customers should be funded annually
4 at \$50,000, I maintain that no further expenditures of this
5 allocation should occur after the end of the current program
6 year (March 2012) until the parties have agreed to a program
7 implementation plan for the Con-Ed program during the
8 previously described workshops.

9 Q. On pages 15 through 17 of her testimony, Ms.
10 Ottens defines Idaho electric utility "parity" as a
11 relatively equal low income weatherization funding level
12 based on a dollar per residential customer amount. Using
13 this definition, do you agree with Ms. Ottens' conclusion
14 that Rocky Mountain Power's funding level should increase by
15 26% (from \$300,000 to \$377,517 annually) to achieve "parity"
16 with Avista's current funding level?

17 A. No. Although I agree with Ms. Ottens that Rocky
18 Mountain Power and Idaho Power are funding their low income
19 programs at approximately \$5.32/customer and \$3.06/customer
20 respectively, I disagree with her conclusion that Avista's
21 per-customer funding level is at \$6.69/customer. Ms.
22 Ottens' testimony does not adequately consider that when the
23 Commission ordered Avista to spend \$700,000 annually on low
24 income weatherization in Idaho, that amount was for both its
25 gas and electric low income weatherization programs. The

1 funding levels for Idaho Power and Rocky Mountain Power, on
2 the other hand, are only for those utilities' electric low
3 income weatherization programs. Ms. Ottens is, therefore,
4 over-stating Avista's per customer funding level.

5 If Avista continues to spend 60% of its low income
6 program budget on electric measures, then (using Ms. Ottens'
7 methodology) the \$420,000 budget divided by Avista's
8 105,286 electric residential customers (FERC Form No. 1,
9 2010, pg. 304) equates to a \$3.98/customer expenditure.
10 Accordingly, Rocky Mountain Power's low income investment of
11 \$5.32/customer exceeds Avista's and does not justify an
12 increase on the premise of "parity", even as defined by Ms.
13 Ottens.

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

16 A. No. It makes more sense to provide similar
17 funding based on relative need, not on the basis of total
18 residential utility customers as proposed by Ms. Ottens.
19 Requiring each utility to fund low income programs based on
20 the total number of residential utility customers is
21 arbitrary and does not account for differing levels of need
22 for low income weatherization in each utility's service
23 territory.

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

1 A. Yes. It would be better to compare proportional
2 funding levels among the utilities based on factors
3 measuring relative need for low income weatherization within
4 each utility's service territory. Possible methods could
5 include the number of low income customers, number of homes
6 needing weatherization, and poverty rates. Ms. Ottens has
7 discussed these measures as an indicator of need, but does
8 not use them to calculate funding levels. Although these
9 suggestions are a reasonable starting place for discussions,
10 determining equitable funding levels is a complicated issue
11 that would be best resolved through the previously mentioned
12 workshops.

13 Q. Does Staff have any concerns about the cost-
14 effectiveness of Rocky Mountain Power's low income
15 weatherization program?

16 A. Yes. In Case No. PAC-E-11-13 referenced by Ms.
17 Ottens, a post-implementation evaluation of Rocky Mountain
18 Power's low income program conducted by an independent third
19 party evaluator revealed problems with program delivery,
20 oversight, and cost effectiveness. While Staff did not
21 agree with all the methods or conclusions of the evaluation,
22 the evaluation did identify possible problems with the cost-
23 effectiveness of Rocky Mountain Power's program which should
24 be investigated and resolved before any funding increase is
25 granted.

1 Q. Do these concerns extend to the other utility-
2 funded low income weatherization programs in Idaho?

3 A. Yes, Staff has identified problematic
4 inconsistencies among Idaho's utility-funded low income
5 programs. Avista published a process review of its low
6 income program in 2011 and Idaho Power plans to complete a
7 post implementation evaluation of its low income
8 weatherization program in 2012, but is it clear that all
9 three utilities have very different standards for measuring
10 energy savings, recording measure level data, providing
11 oversight of Community Action Partnership ("CAP") agencies,
12 and calculating cost effectiveness.

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

25

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

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

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

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

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

7 Q. Ms. Ottens justifies increasing Rocky Mountain
8 Power's low income funding by \$77,517 per year citing
9 statistics in her testimony including rising poverty rates,
10 the termination of American Recovery and Reinvestment Act
11 (ARRA) funding, and the backlog of low income weatherization
12 eligible customers. Do you disagree that the economy has
13 impacted the number of low income customers and their
14 ability to pay electric bills?

15 A. No. Staff disagrees that this information alone
16 can identify program need or proper funding level. Without
17 proper program implementation and evaluation to determine
18 cost effectiveness, it is impossible to determine if the
19 existing program is a reasonable expenditure of ratepayer
20 funds.

21 Q. Has the Commission recently increased the funding
22 level for Rocky Mountain's low income weatherization
23 program?

24 A. Yes. The Commission issued Order No. 32196 on
25 February 28, 2011 in Case No. PAC-E-10-07 increasing Rocky

1 Mountain's low income weatherization funding level from
2 \$150,000 to \$300,000, an increase of 100%.

3 Q. On page 8 of her testimony, Ms. Ottens indicates
4 that Rocky Mountain Power Case No. PAC-E-11-13, in which the
5 Company asked to discontinue evaluations of its low income
6 program because of cost effectiveness problems, "cast a
7 shadow over the legitimacy of all low-income weatherization
8 programs in the state. . . ." Is she correct?

9 A. Yes, in part. In that case, Staff had serious
10 concerns about the implementation and evaluation of the
11 Rocky Mountain Power's low income program, including program
12 cost effectiveness. In addressing these issues, Staff had
13 the following comments:

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

24 In pursuit of this, Staff recommends that the
25 Commission host an informal workshop as soon as
possible so that all interested parties can partici-
pate in a collaborative discussion about the issues
surrounding low income weatherization programs.
Workshop objectives include developing a deeper
understanding of the issues, explor[ing] ways to
resolve those issues, and finally, developing an
action plan that creates greater certainty regarding
the implementation and evaluation of low income
weatherization programs. This workshop will allow
Rocky Mountain and the other utilities to consider

1 ways to enhance the cost-effectiveness of existing low
2 income weatherization programs and/or create new
3 programs that target low income customers. At the
4 conclusion of the workshop, Staff will provide the
5 Commission with a report which will, at a minimum,
6 identify the agreements reached and recommendations
7 for future Commission action.

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

11 The Company and interested parties will meet and
12 confer prior to the Company's next general rate
13 filing in order to assess the Low Income Weatheri-
14 zation and Low Income Energy Conservation Education
15 Programs and discuss appropriate levels of low-income
16 weatherization funding in the future.

17 In testimony supporting the stipulation in that case,
18 Staff witness Lobb stated:

19 Staff believes it is time to discuss all issues
20 associated with the Company's low income weatheriza-
21 tion program to assure the program is cost effective,
22 that it remains cost effective and that sufficient
23 funds based on need are made available.

24 In rebuttal testimony in Idaho Power Case No.
25 IPC-E-11-08, I recommended that Idaho Power be included in
the workshops approved in Avista Case No. AVU-E/G-11-01 and
proposed in Rocky Mountain Power Case No. PAC-E-11-13.

Q. On page 22, Ms. Ottens refers to an issue raised
but not resolved in Rocky Mountain Power's last general rate
case, PAC-E-10-07. CAPAI maintains that the \$50,000 funding
for the Con-Ed program should be provided on an annual
basis, while Rocky Mountain Power maintains that it was one-

1 time funding. Do you agree with CAPAI that the \$50,000
2 funding for Con-Ed should be an annual amount?

3 A. Yes, but with one important caveat. Rocky
4 Mountain Power should budget \$50,000 annually for the Con-Ed
5 program, but the Company should not make any further
6 expenditures in the program after the end of the current
7 program year (March 2012) until the parties involved in the
8 workshops agree on a plan for program implementation. The
9 delay between funding order and expenditure is necessary
10 because CAPAI has been slow to implement and expend funds in
11 the past, which raises legitimate questions about the
12 appropriate funding level. Since Idaho Power and Avista
13 also fund Con-Ed programs, a consistent and effective
14 implementation strategy should be another topic resolved at
15 the workshop.

16 Q. What is your recommendation in this case?

17 A. I recommend that the Commission maintain the
18 current funding level for Rocky Mountain Power's low income
19 program recently approved in Case No. PAC-E-10-07 rather
20 than approve the additional 26% increase in this case as
21 proposed by CAPAI. I further recommend that the Commission
22 consolidate the low income workshops approved in Avista Case
23 No. AVU-E/G-11-01 and proposed in Rocky Mountain Power Case
24 Nos. PAC-E-11-12, PAC-E-11-13, and Idaho Power Case No.
25 IPC-E-11-08 to resolve issues relating to utility low income

1 programs. These issues include consistent implementation
2 methodology and cost effectiveness evaluation,
3 identification of non-energy benefits, proper determination
4 of need, appropriate levels of annual low income funding,
5 and Con-Ed program design. CAPAI's request for a funding
6 increase for Rocky Mountain Power's low income
7 weatherization program should be considered after the
8 consolidated workshop has resolved administration and cost
9 effectiveness issues.

10 I also recommend that the Commission order Rocky
11 Mountain Power to fund its Con-Ed program at \$50,000
12 annually, but that funding not be expended until the
13 previously described workshops have reached agreement on
14 program design and implementation plans.

15 Q. Does this conclude your testimony in this
16 proceeding?

17 A. Yes, it does.
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CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 2ND DAY OF DECEMBER 2011, SERVED THE FOREGOING **REBUTTAL TESTIMONY OF STACEY DONOHUE**, IN CASE NO. PAC-E-11-12, BY MAILING A COPY THEREOF, POSTAGE PREPAID, TO THE FOLLOWING:

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