

**Exhibit No. \_\_\_\_ -T (DEK-1T)**  
**Docket No. UE-070804 et al.**  
**Witness: Douglas E. Kilpatrick**

**BEFORE THE WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION**

**Complainant,**

**vs.**

**AVISTA CORPORATION,**

**Respondent.**

**In the Matter of the Petition of**

**AVISTA CORPORATION d/b/a  
AVISTA UTILITIES,**

**For an Accounting Order Regarding the  
Appropriate Treatment of the Net Costs  
Associated with the Purchase of Debt.**

**DOCKET NO. UE-070804**

**DOCKET NO. UG-070805**

**DOCKET NO. UE-070311**

**TESTIMONY OF**

**Douglas E. Kilpatrick**

**STAFF OF  
WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION**

***Energy Conservation Program***

**October 17, 2007**



1 industrial customers and was assigned as the division coordinator for interconnection  
2 of qualifying facility energy projects under PURPA. Following my move to  
3 Washington State, I was employed for nine years by the Washington State Energy  
4 Office, where I held positions in their engineering group, including manager of the  
5 technical services group. Since coming to the Utilities and Transportation  
6 Commission ("UTC") in 1996, I have held positions as Electric Industry  
7 Coordinator, Director of Pipeline Safety, Emergency Management Planning  
8 Coordinator, and now as a senior engineer in the energy group. In all, I have  
9 approximately 27 years of experience in the energy utility industry. I have been  
10 employed by the Commission for about 11 years and have appeared in many open  
11 meetings and formal proceedings.

## 12 13 II. SCOPE OF TESTIMONY.

14  
15 **Q. Please outline the scope of your testimony.**

16 A. I outline Staff's position on the prudence of Avista Utility's ("Avista" or "the  
17 Company") energy conservation program expenditures for the period from January  
18 1, 2004, to December 31, 2006. I also provide Staff's position on the electric  
19 conservation program tariff rider (Schedule 91).

1                   **III. ENERGY EFFICIENCY PROGRAM PRUDENCE.**

2

3   **Q. Please summarize your conclusions with regard to the prudence of Avista's**  
4   **conservation program expenditures for the period of January 1, 2004, to**  
5   **December 31, 2006.**

6   A. I conclude that Avista's electric and gas conservation program expenditures for the  
7   period from January 1, 2004, to December 31, 2006, were prudently incurred.

8

9   **Q. What is the basis for your conclusion?**

10   A. I reached my conclusion based on a review of the materials provided in Mr.  
11   Folsom's testimony on this subject, the Company's responses to data requests in this  
12   case, participation on the Company's integrated resource plan advisory group  
13   ("IRPAG"), and upon review of the reports provided by the Company to its energy  
14   conservation program advisory committee, the External Energy Efficiency Board  
15   ("Triple E Board").

16

17   **Q. Is there any other information you rely on to reach your conclusion?**

18   A. Yes, I have also had the opportunity over the years to interact formally and  
19   informally with Avista's energy efficiency technical staff and the Company's  
20   measurement and evaluation staff.

1     **Q.     Why is this important?**

2     A.     This exposure to Avista's energy efficiency programs and evaluations of them has  
3           shown me time and again that the company takes its work seriously in this area, and  
4           it has a strong internal program to measure and verify that conservation program  
5           expenditures are cost effective. The Company bases its cost-effectiveness  
6           calculations and program evaluations on work laid down by the Northwest Power  
7           and Conservation Council's Regional Technical Forum. Avista has a representative  
8           on this group who is a member of its energy efficiency technical staff.

9

10    **Q.     What else leads you to conclude that Avista's energy efficiency work is**  
11       **prudent?**

12    A.     The Commission has found in previous general rate cases, since it approved the  
13           Energy Efficiency Tariff Rider in Docket Nos. UE-941377 and UG-941378, that  
14           Avista's programs and methods have always been prudent. Avista continues to  
15           approach development, delivery, and evaluation of its energy efficiency programs in  
16           a consistent manner that leads me to conclude its request for a finding of prudence in  
17           this case is reasonable.

18

1 **IV. ELECTRIC ENERGY EFFICIENCY TARIFF RIDER.**

2

3 **Q. Please summarize your recommendation with regard to the level of energy**  
4 **efficiency funds collected under Schedule 91, the electric energy efficiency tariff**  
5 **rider.**

6 A. I recommend that Avista increase the level of its tariff rider under Schedule 91 so  
7 that annual collections for this account more closely match electric energy efficiency  
8 program expenditures.

9

10 **Q. Why do you believe it is proper that Avista increase the amount of the electric**  
11 **energy efficiency tariff rider?**

12 A. This is proper for two reasons. First, as outlined in Mr. Folsom's Exhibit No. \_\_\_\_,  
13 (BWF-3), the Company is currently carrying a deficit in its electric tariff rider  
14 account of approximately \$3.8 million. Second, based on the Company's most  
15 current integrated resource plan ("IRP") (filed with the Commission on August 7,  
16 2006, in Docket No. UE-071774), Avista plans to expand its conservation program  
17 offerings in order to continue to acquire increasing amounts of energy efficiency  
18 resources going forward.

19

20 **Q. What is Avista's estimate of the conservation resources it will cost-effectively**  
21 **acquire in the immediate future?**

22 A. In its 2007 IRP, Avista identified that it intends to offer more than 21 different  
23 electric conservation programs, targeted to acquire just over 4.2 average Megawatts

1 (“aMW”) of energy savings in 2008. In 2009, it proposes to acquire approximately  
2 4.6 aMW.

3

4 **Q. How do these conservation acquisition targets compare with the amount of**  
5 **conservation acquired in the 2004 to 2006 time period?**

6 A. As reported in the Company’s Triple E Reports for 2004, 2005, and 2006, Avista  
7 acquired 2.8, 4.7, and 3.3 aMW, respectively, in these years.

8

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

10 A. Yes.

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