

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 **I. INTRODUCTION.**

2

3 **Q. Please state your name and business address.**

4 A. My name is Douglas E. Kilpatrick. My business address is the Richard Hemstad
5 Building, 1300 S. Evergreen Park Drive Southwest, P.O. Box 47250, Olympia,
6 Washington 98504. My email address is dkilpatr@utc.wa.gov.

7

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

9 A. I am employed by the Washington Utilities and Transportation Commission as a
10 Senior Regulatory Engineering Specialist. My current duties involve analysis of
11 energy issues, including integrated resource planning, requests for proposals, power
12 supply acquisition, renewable resource programs, energy conservation programs, and
13 emergency management planning.

14

15 **Q. How long have you been employed by the Commission?**

16 A. I have been employed by the Commission since July 1996.

17

18 **Q. What are your professional qualifications?**

19 A. I hold a B.S. degree in Environmental Resources Engineering from Humboldt State
20 University in California. I am licensed as a professional engineer in the field of
21 mechanical engineering in the State of Washington. I worked for the Pacific Gas and
22 Electric Company in Eureka, California from 1980 to 1987. While with that
23 company, I worked on energy conservation program delivery to commercial and

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.

21

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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