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IDAHO PUBLIC
UTILITIES COMMISSION

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)
OF IDAHO POWER COMPANY FOR)
AUTHORITY TO INCREASE ITS RATES) CASE NO. IPC-E-11-08
AND CHARGES FOR ELECTRIC SERVICE)
TO ITS CUSTOMERS IN THE STATE OF)
IDAHO.)
_____)

IDAHO POWER COMPANY
DIRECT TESTIMONY
OF
WARREN KLINE

1 Q. Please state your name and business address.

2 A. My name is Warren Kline and my business
3 address is 1221 West Idaho Street, Boise, Idaho.

4 Q. What is your position at Idaho Power Company
5 ("Idaho Power" or "Company")?

6 A. I am the Vice President of Customer
7 Operations.

8 Q. Please outline your business experience.

9 A. I began working full time in the electric
10 utility industry at Idaho Power over 37 years ago, soon
11 after I graduated from high school. For the last six years
12 I have been an officer of the Company. I joined the
13 Company in 1973 in the customer service department and have
14 spent the majority of my career with the Company in the
15 customer service and field operations areas. I became a
16 member of the Company's senior leadership team in 1989 when
17 I was named Division Accounting Manager. Since then, I
18 have held positions of increasing responsibility, including
19 Customer Service Manager, General Manager of Customer
20 Service and Metering, General Manager of Regional
21 Operations, and Vice President of Customer Service and
22 Regional Operations. In 2010, I was promoted to my current
23 position as Vice President of Customer Operations.

24 Q. What educational opportunities have you had
25 while at Idaho Power?

1 A. While at Idaho Power, I have attended many
2 utility management training programs, including the
3 University of Idaho's *Utility Executive Course*, which I
4 completed in 1989.

5 Q. What are your duties as Vice President of
6 Customer Operations?

7 A. I am responsible for the planning, directing,
8 and strategic oversight of all activities within the
9 Customer Operations organization.

10 Q. Please describe the Customer Operations
11 organization.

12 A. The Customer Operations organization within
13 Idaho Power is comprised of approximately 600 employees
14 that are engaged in all of the activities that provide
15 direct service to the Company's customers and communities.
16 Specifically, my organization includes Customer Service,
17 Customer Relations and Energy Efficiency, Metering,
18 Regional Operations, Regional Operations Support, Community
19 Relations, and Smart Grid Projects. All of the activities
20 that directly service the customer are in this
21 organization, which allows the employees in the
22 organization to achieve synergies and work together in a
23 seamless manner. The Customer Operations organization
24 exists to provide excellent service to customers in the

25

1 most cost efficient way possible, while still maintaining a
2 strong commitment to safety.

3 Q. What is the purpose of your testimony in this
4 proceeding?

5 A. I will briefly describe some recent changes in
6 the Customer Operations organization and then I will
7 discuss various initiatives that the Company has and is
8 undertaking to provide superior customer service, pursue
9 efficiencies in its operations, and enhance customer
10 choices. Specifically, my testimony will focus on
11 activities in the following areas of the Company that
12 impact customer satisfaction: (1) Customer Operations
13 reorganization; (2) Mobile Workforce Management; (3)
14 Advanced Metering Infrastructure; (4) Smart Grid Projects;
15 (5) Energy Efficiency; (6) Customer Relations; and (7)
16 Customer Service.

17 **I. CUSTOMER OPERATIONS REORGANIZATION**

18 Q. What has Idaho Power done recently to improve
19 customer-focused operations?

20 A. One of the actions Idaho Power implemented was
21 a reorganization of its regional operations.

22 Q. Why was this effort undertaken?

23 A. Due to the slowdown of the Idaho economy, the
24 Company has reassessed its organization and restructured
25 its regional leadership in order to provide for the current

1 needs of its customers and the communities Idaho Power
2 serves.

3 Technology investments in Advanced Metering
4 Infrastructure ("AMI") and Mobile Workforce Management
5 systems have allowed the Company to adjust its workforce,
6 alter its procedures, and focus on areas of interaction
7 with customers. Organizational changes were initiated to
8 leverage the efficiencies associated with new technologies
9 and enhance customer service. This reorganization
10 permitted the Company to better align and adjust employee
11 counts property wide. By better realigning employee to
12 customer ratios, the Company can monitor and ensure that
13 adequate resources are available to respond to customers.

14 **II. MOBILE WORKFORCE MANAGEMENT**

15 Q. What is Mobile Workforce Management ("MWM")?

16 A. MWM is a software tool that automates and
17 optimizes daily field processes and workflows in real time
18 across Idaho Power's service area, resulting in increased
19 efficiencies and higher customer satisfaction. Field
20 personnel have Mobile Data Terminals ("laptops") in their
21 vehicles that are connected via cellular or satellite
22 technology which relays their location to Mobile Workforce
23 Operators ("Operators") so they can be dispatched most
24 efficiently.

25 Q. When was MWM implemented?

1 A. MWM was implemented in November of 2008.

2 Q. How do customers see benefits from the MWM
3 tool?

4 A. If a customer needs a same day order or has an
5 outage, the Operator can locate the closest employee with
6 the appropriate skill set to complete the order and
7 dispatch him/her to the site. Field personnel who receive
8 the order also receive the exact location on their laptop
9 and can travel directly to the site without further
10 investigation. The MWM system helps Company employees meet
11 customers' expectations by completing the jobs as promised
12 in a timely manner.

13 Another benefit of the MWM system is that when field
14 personnel are at a customer's location to disconnect
15 service, they have current and complete information that
16 enables them to discuss payment arrangements with the
17 customer at their home or business. This eliminates the
18 need for the customer to call the Customer Service Center
19 to discuss payment arrangements at that point in time. If
20 the payment is made before field personnel are in route,
21 the disconnection event is canceled.

22 Q. What efficiencies have been gained as a result
23 of this process automation?

24 A. Before MWM, when new meters were installed,
25 the meter number was written on a piece of paper and then

1 entered into the customer system manually, which created
2 two points for possible errors. MWM allows the field
3 personnel to scan in the meter number as it is installed,
4 eliminating both recording and input errors.

5 Throughout the day, orders are completed and the
6 Customer Information System is updated electronically,
7 showing in real time the status of an account. Before MWM,
8 the orders were entered as completed at the end of the day
9 after the field personnel brought them back to the office.

10 Before the implementation of MWM, orders were
11 printed in the regional offices and manually sorted. Now
12 orders are being sorted automatically by the MWM system and
13 delivered to the laptops during the evening. When the
14 employees arrive at work the following morning, their
15 orders are already sequenced, efficiently routed, and ready
16 to work.

17 By transitioning to a more automated system,
18 employees are more efficient and more accurate, and
19 employee costs are reduced.

20 **III. ADVANCED METERING INFRASTRUCTURE PROJECT**

21 Q. Please briefly describe the Advanced Metering
22 Infrastructure project.

23 A. In January 2009, the Company began a project
24 to install AMI, including smart meters, for customers
25 across its service area. This technology provides enhanced

1 customer and environmental benefits, reduces operating
2 costs associated with meter reading, and improves meter
3 reading accuracy, outage monitoring, and service
4 restoration.

5 Q. What type of AMI technology is the Company
6 deploying?

7 A. After years of extensive technology testing
8 and piloting, Idaho Power determined that power line
9 carrier ("PLC") technology was the best functional and
10 economic fit given the Company's customer density and
11 service area. With this technology, Idaho Power will be
12 able to deploy AMI to more than 99 percent of its Idaho
13 customers. The Company has found the two-way PLC
14 technology to be relatively easy to deploy, robust,
15 reliable, and meets functional needs at a reasonable cost.

16 Q. What is the current status of AMI deployment
17 at Idaho Power?

18 A. As of the end of April 2011, the Company is 28
19 months into a 36-month AMI meter deployment plan that began
20 in January of 2009. The Company has installed 363,600
21 smart meters as part of this phase of AMI deployment. When
22 added to the previous deployment of 28,000 smart meters in
23 Emmett and McCall, the total deployment of smart meters is
24 at 391,600 or 80 percent of Idaho Power's customer base.
25 Once the new meters are installed, it is typically only a

1 matter of days before customers have the option to view
2 their energy consumption data on the Company's secure
3 website. Idaho Power is on schedule to complete the
4 approximately 106,000 meter installations remaining by the
5 end of 2011 and costs are coming in as projected in the
6 Company's original filing with the Idaho Public Utilities
7 Commission ("Commission").

8 Q. Please describe customer acceptance of the AMI
9 deployment.

10 A. Overall feedback from customers has been
11 positive. Because the PLC technology can be installed with
12 a simple meter exchange and provide data to the utility and
13 customer in a matter of days, the benefits to customers are
14 almost immediate and the installation can be done without
15 interruption in the normal billing processes.

16 The Company has endeavored to make the deployment of
17 AMI a positive experience for its customers by providing
18 them with information ahead of deployment, answering
19 individual's concerns one-on-one, and by planning and
20 executing the project on schedule without impacting the
21 normal billing process.

22 Q. Specifically, how does this technology benefit
23 customers?

24 A. Customers with smart meters have access to
25 their detailed energy usage, thus enabling them to be more

1 informed about their energy consumption and to make wiser
2 choices about their energy usage. The cost of generating
3 electricity can vary dramatically based on the energy
4 source, time of year, market conditions, and even the time
5 of day. With the AMI system Idaho Power can record energy
6 usage on an hourly basis; in the past it could only record
7 total monthly consumption. The recording and management of
8 hourly energy consumption data is the basis for the
9 Company's ability to provide customers with access to
10 detailed data about their individual energy consumption and
11 enables Idaho Power to offer more flexible energy pricing
12 options in the future.

13 In addition to the metering benefits, the AMI system
14 supports direct load control by providing commands and
15 confirmation of the action performed by devices installed
16 on customer-owned equipment, such as air conditioners or
17 irrigation pumps. As part of a demand response program,
18 direct load control is used to reduce peak load and help
19 reduce the need for more costly generation resources.

20 The AMI system will also provide valuable outage
21 scoping and restoration data, enabling Idaho Power to
22 improve outage response and ensure complete restoration of
23 service faster.

24 Q. What other benefits do customers receive as a
25 result of AMI deployment?

1 A. As a result of deploying AMI, Idaho Power has
2 virtually eliminated billing estimations and meter read
3 errors, thus also reducing billing errors and bill
4 corrections. Customers can monitor their energy
5 consumption on the Company's website and the pre-bill
6 information enables them to take more control of their
7 energy usage and potentially reduce their bill by managing
8 their energy consumption.

9 The Company has found that the data from smart
10 meters is helpful in resolving customer billing issues and
11 is a great tool to educate customers on their individual
12 energy consumption patterns and history.

13 Many customers find the AMI system less intrusive
14 than the manual meter reading process because meter
15 specialists no longer need to access customers' property on
16 a monthly basis. Issues with animals, fences, gates, and
17 property access occur much less frequently than with a
18 monthly manual meter reading process.

19 The environmental benefits from AMI are significant.
20 The Company will remove 75 vehicles from service and
21 eliminate the need to drive more than a million miles a
22 year. This will reduce Idaho Power's carbon footprint,
23 fuel consumption, and roadway congestion.

24 Even though Idaho Power has not fully integrated the
25 AMI system with the outage management system ("OMS") at

1 this time, the Company has used the system in specific
2 instances to assist in service restoration and
3 confirmation. Once fully integrated with OMS, the system
4 will provide valuable data about outage scope and
5 restoration confirmation that will result in more efficient
6 and timely restoration of power to its customers.

7 Idaho Power was able to leverage the AMI project to
8 obtain American Recovery and Reinvestment Act funding
9 through the United States Department of Energy ("DOE") for
10 a Smart Grid Investment Grant ("SGIG") of \$47 million at no
11 direct cost to customers.

12 **IV. SMART GRID PROJECTS**

13 Q. Please describe the Smart Grid initiative at
14 Idaho Power.

15 A. On June 25, 2009, the DOE announced the SGIG
16 funding opportunity and the Company submitted an
17 application. This application proposed an integrated
18 multi-system project centered around customer service. The
19 application requested funding for \$47 million with the
20 Company's matching funds of \$47 million coming from the
21 existing AMI project investment. In October 2009, the
22 Company was notified that its Smart Grid proposal was one
23 of 100 in the country selected to receive a matching grant.
24 Because the Company was already pursuing AMI to exchange
25 existing traditional meters with smart meters, no

1 additional costs will be borne by customers up to \$47
2 million of spend above AMI costs. This \$47 million of
3 "free infrastructure" has required significant Company
4 effort to manage, but provides substantial benefits to
5 customers.

6 Q. Please briefly describe the Smart Grid
7 projects the Company is working on.

8 A. The Company is pursuing multiple projects that
9 comprise the Smart Grid initiative. The projects are
10 generally characterized and grouped as "customer systems,"
11 which are projects that will provide customer access to
12 smart meter information and programs enabled by the Smart
13 Grid, and "operations systems," which are electric
14 infrastructure improvement projects that are necessary to
15 fully enable the Smart Grid. My testimony will focus on
16 the customer systems projects described below.

17 • Customer Information System ("CIS").
18 This project upgrades and enhances existing functions of
19 the CIS as well as adds key capabilities that facilitate
20 more flexible pricing options, a stronger integration with
21 both the AMI system, and OMS, and improved operational
22 efficiency.

23 • Energy Use Advising Tool. This tool
24 will improve the detailed AMI usage analysis capability of
25 Idaho Power's current Energy Tools as well as add new

1 features for both customers and Customer Service
2 Representatives ("CSRs"). Customers will be able to see
3 their "bill to date," providing useful information on the
4 costs and pattern of energy consumption since the last bill
5 was prepared. CSRs will have enhanced usage and bill
6 analysis information that will allow them to provide more
7 detailed information to customers in order to help them
8 understand their usage and how it affects their bills.

9 • Meter and Customer Data Warehouse.

10 This project will create a secure analytic database to
11 store meter and customer data that can be used for
12 reporting and analysis, and a more efficient data
13 repository to enhance the efficiency of detailed data
14 viewing for customers and CSRs.

15 Q. How will customers benefit from the Smart Grid
16 initiative at Idaho Power?

17 A. The Smart Grid projects will provide
18 measurable results. Customers will have more detailed
19 information about how they use energy so they can be more
20 energy efficient. Advanced technology will also help
21 improve system reliability and reduce outage impacts on
22 customers. In addition to all of the benefits described
23 above, the receipt of the SGIG allows Idaho Power to pursue
24 projects now with little or no investment cost borne by

25

1 customers rather than later when all investments would have
2 been borne by customers.

3 **V. ENERGY EFFICIENCY**

4 Q. How does the Company define energy efficiency
5 for purposes of this case?

6 A. Energy efficiency refers to the Company's
7 activities involved with energy efficiency, demand
8 response, and its associated outreach and education
9 initiatives.

10 Q. What is the Company's goal or philosophy
11 towards energy efficiency and demand response?

12 A. The Company is on record in numerous filings
13 before the Commission and in other public forums affirming
14 its commitment to pursue all cost-effective energy
15 efficiency and demand response.

16 Q. How does the Company view energy efficiency
17 and demand response?

18 A. Cost-effective energy efficiency and demand
19 response programs are the Company's resource of choice -
20 both from a cost standpoint and from an environmental
21 perspective. The cleanest, most efficient resource in the
22 Company's portfolio is the one it does not have to build.
23 The Company believes that cost-effective energy efficiency
24 and demand response should be pursued aggressively.

25

1 Q. Please describe the progress made by the
2 Company in providing energy efficiency and demand response
3 programs.

4 A. The Company's *Demand-Side Management 2010*
5 *Annual Report* was filed with the Commission on March 15,
6 2011. As noted in the Annual Report, Idaho Power offers 20
7 energy efficiency and outreach programs and three demand
8 response programs with program options for every major
9 customer class. Energy savings from energy efficiency
10 activities increased on a system-wide basis by 46 percent
11 as compared to 2008. Overall energy efficiency and demand
12 response activities in 2010 resulted in a 358 megawatt peak
13 reduction and 187,626 megawatt-hours in energy savings.
14 Since 2008, the Company has substantially increased the
15 amount of dollars spent on energy efficiency. For example,
16 in 2008, energy efficiency program expenses were about \$21
17 million, while in 2010 the Company spent approximately \$46
18 million. Over 70 percent of 2010 expenses were in the form
19 of program incentives paid to customers.

20 Q. Are there any other benefits outside energy
21 saving and demand reduction that you consider to be a good
22 outcome of Idaho Power's programs?

23 A. Yes. These programs, along with the Company's
24 education outreach and customer energy usage information,
25 provide more opportunities for customer engagement in their

1 energy choices. For example, through the Company's
2 outreach programs, the customer has opportunities to learn
3 about their energy consumption and how to use energy more
4 efficiently. Using the Company's energy usage presentment
5 tools, customers can see how their hourly energy usage is
6 affected by their energy management decisions and the
7 products they use in their homes and businesses.

8 Q. What is the source of funding for the
9 Company's energy efficiency activities?

10 A. The majority of the funding for energy
11 efficiency is from the Idaho and Oregon Energy Efficiency
12 Riders ("Rider") with a lesser amount funded through base
13 rates.

14 Q. What programs are funded through base rates?

15 A. Idaho Power funds its low income
16 weatherization program called Weatherization Assistance for
17 Qualified Customers through base rates in compliance with
18 Commission Order No. 29505.

19 Q. Does the Company participate in or offer
20 efficiency-related activities other than the programs you
21 mentioned?

22 A. Yes. The Company sponsors and participates in
23 many organizations and community events that are directly
24 related to energy efficiency efforts. For example, the
25 Company is an active participant in the Northwest Power and

1 Conservation Council's Regional Technical Forum, Northwest
2 Energy Efficiency Alliance, and the Consortium for Energy
3 Efficiency. Company staff participate in many trade shows
4 and community events such as the Idaho Green Expo, home and
5 garden shows, agricultural shows, and have presented to
6 many various civic and community groups as well as area
7 employers at their employee meetings.

8 Q. Is there opportunity for public input to the
9 Company's energy efficiency planning process?

10 A. Yes. Idaho Power relies on the input of the
11 Energy Efficiency Advisory Group ("EEAG") to provide
12 customer and public interest guidance on energy efficiency
13 program design and implementation strategies. Currently,
14 the EEAG consists of 14 members from across Idaho Power's
15 service area and the Pacific Northwest. Members represent
16 a cross-section of customers, including individuals from
17 the residential, industrial, commercial, and irrigation
18 sectors, as well as representatives for senior citizens,
19 individuals with limited income, environmental
20 organizations, state agencies, public utility regulatory
21 commissions, and Idaho Power.

22 The EEAG meets several times a year and has been
23 instrumental in the development of Idaho Power's programs
24 and studies since 2002. During the meetings, Idaho Power
25 requests recommendations and input on new program

1 proposals, marketing methods, and specific measure details;
2 provides a status update on the Rider funding and expenses;
3 provides updates about ongoing programs and projects; and
4 supplies general information on energy efficiency and
5 demand response issues. Idaho Power relies on and values
6 input from the EEAG to provide a broad customer and public
7 interest review and perspective of energy efficiency and
8 demand response programs and expenses.

9 Q. Are Idaho Power's energy efficiency programs
10 proving to be successful?

11 A. Yes. Each program offered has provided
12 benefits to customers and to the Company. Many programs
13 provide monetary incentives to customers for participation,
14 while others target educational efforts and long-term
15 energy saving opportunities. Increased participation in
16 the Company's programs benefits all customers by using
17 resources wisely and avoiding or delaying development of
18 supply-side resources.

19 Q. Do Idaho Power's energy efficiency activities
20 affect customer satisfaction?

21 A. Yes. Results of the Company's customer
22 satisfaction surveys have shown a steady increase in
23 customer satisfaction over recent years as the percentage
24 of customers who have a positive perception of the
25 Company's conservation efforts increased from 39 percent in

1 early 2003 to 57 percent in late 2010. This represents a
2 46 percent increase in positive customer perception in the
3 past seven years.

4 Q. Does Idaho Power support any programs for
5 customers who are having difficulty paying their
6 electricity bill?

7 A. Yes. Project Share is a year-round energy
8 assistance program which was started by Idaho Power in
9 1982. It is administered by the Salvation Army. Project
10 Share is funded by customer donations and Company
11 shareholder funds. In addition, other utilities
12 participate in this program with Idaho Power. Grants from
13 this program can be used for the payment of electricity and
14 gas bills, as well as wood, propane, oil, or coal heat.

15 During the last program year, more than 6,300
16 individuals in Idaho Power's communities benefited from
17 Project Share to keep their homes warm during cold winter
18 months and cool during hot summer days. In the last five
19 program years ending May 31, 2010, Idaho Power customers
20 have contributed approximately \$950,000 and shareholders
21 have contributed approximately \$350,000 to the program. In
22 the 2009 and 2010 program years, Company shareholder
23 contributions increased significantly as customer
24 contributions decreased to ensure that funding would not
25 decline during a challenging economic climate.

1 **VI. CUSTOMER RELATIONS**

2 Q. What is the Company's overall approach to
3 customer relations?

4 A. Idaho Power's vision is to be regarded as an
5 exceptional utility. In order to accomplish this, the
6 Company must provide superior and satisfying customer
7 service that addresses its customers' needs and
8 expectations.

9 Q. How does the Company determine the focus for
10 improving customer relations?

11 A. The Company continually focuses on ways to
12 improve its relationships with customers by assessing
13 customer perception of the Company, identifying performance
14 gaps based on customer response, and exploring industry
15 best practices to address those gaps.

16 Q. What is presently being done to address areas
17 with opportunity for improvement?

18 A. The Company's strategy for addressing areas of
19 improvement involves integrating customer input into its
20 processes, systems, and culture while utilizing technology
21 to improve service. For example, activities supporting
22 this strategy include focusing on improving system
23 reliability and offering more automated customer service
24 options.

25

1 Q. Please describe Idaho Power's continuing
2 practice of surveying its customers regarding their levels
3 of satisfaction with the Company.

4 A. Idaho Power has contracted with Burke, Inc.
5 ("Burke") to conduct quarterly customer relationship
6 surveys since 1995. Burke is a full-service customer
7 market research and decision support company headquartered
8 in Cincinnati, Ohio, with regional offices throughout the
9 United States. These Burke surveys represent Idaho Power's
10 primary customer satisfaction research. In addition to the
11 Burke surveys, Idaho Power acquires the results of the
12 annual J.D. Power and Associates Electric Utility
13 Residential Customer Satisfaction Study ("J.D. Power
14 Study"). The J.D. Power Study is used primarily as a
15 benchmark to other electric utilities. Idaho Power ranked
16 in the top quartile of the 121 utilities in the 2010 J.D.
17 Power Study. As its name implies, the J.D. Power Study is
18 for residential customers only, as the number of Idaho
19 Power commercial customers is not large enough at this
20 point in time to qualify for a subscription to the J.D.
21 Power and Associates Electric Utility Commercial Customer
22 Satisfaction Study. Idaho Power also utilizes customer
23 focus groups for project-specific qualitative research when
24 the situation is appropriate.

25

1 Q. Please describe the Company's customer
2 satisfaction performance results in recent years.

3 A. I am proud to say that based on the Burke
4 surveys, Idaho Power customers' satisfaction remains at a
5 consistently high level. In addition, the Company is
6 experiencing levels of customer satisfaction that are
7 significantly higher than when it began measuring in 1995.
8 Results of the 2010 J.D. Power Study also reflected very
9 consistent performance by Idaho Power with regard to
10 residential customer satisfaction.

11 Q. Please summarize the Burke methodology and the
12 resulting information made available to the Company.

13 A. On a quarterly basis, Idaho Power receives
14 results from Burke based on customer interviews. Quarterly
15 results include an overall index score, referred to as the
16 Customer Relationship Index ("CRI"), as well as more
17 detailed information in the form of average response data
18 collected for numerous questions in six general categories:
19 (1) Company Image, (2) Quality of Service, (3) Cost and
20 Pricing, (4) Responsiveness to Customers, (5)
21 Communication, and (6) Billing and Payment.

22 Q. What is Idaho Power's primary way of measuring
23 its success in providing customer satisfaction?

24 A. Idaho Power's primary measure for customer
25 satisfaction is the CRI derived by Burke from quarterly

1 customer surveys. The CRI is based on research that is
2 conducted at various points in time throughout the year.
3 This reduces the potential for any one event or
4 circumstance to have a significant influence, either good
5 or bad, on the overall customer satisfaction levels. It is
6 a statistically reliable measurement of customer opinions
7 and it provides a historical trend that allows the Company
8 to track its performance over time. The CRI is the best
9 single satisfaction measure available to Idaho Power
10 because it depicts the customers' overall attitudes toward
11 the Company in five distinct criteria. The CRI is
12 comprised of five key questions where a rating ranging from
13 zero (very dissatisfied) to four (very satisfied) is given
14 for a maximum of 20 points possible among all five
15 questions. The following are the five criteria questions
16 that are asked in the quarterly customer surveys:

17 (1) What is your overall level of
18 satisfaction with Idaho Power?

19 (2) How much do you agree or disagree that
20 the overall quality of the electricity and customer service
21 and support you get from Idaho Power is excellent?

22 (3) Thinking about the price you pay, how
23 much do you agree or disagree that the overall value of the
24 electricity and customer service and support you get from
25 Idaho Power is excellent?

1 (4) If asked (by a neighbor new to your
2 area, by a company that just moved into the area, by an
3 irrigator new to your area,) how likely would you be to
4 tell them that Idaho Power is a good company to work with?

5 (5) How much do you agree or disagree that
6 Idaho Power cares about you as a customer and has done
7 everything possible to earn your loyalty?

8 Responses for each customer are totaled and divided
9 by the maximum possible points to establish a percentage
10 CRI score. The CRI can range from a minimum of zero to a
11 maximum of 100 percent.

12 Q. Would you please describe the Company's
13 customer satisfaction performance?

14 A. Idaho Power achieved a CRI of 82.30 for the 12
15 months ending fourth quarter of 2010. According to Burke,
16 a score of 82.30 signifies that overall customers have very
17 strong positive attitudes towards Idaho Power and the level
18 and quality of service it provides. Overall, the level of
19 customer satisfaction has remained fairly consistent since
20 the 12 months ending fourth quarter of 2008.

21 **VII. CUSTOMER SERVICE**

22 Q. Would you please briefly describe Idaho
23 Power's customer service organization?

24 A. Idaho Power operates a centralized Customer
25 Service Center ("CSC") that provides customers with full

1 service access to CSRs weekdays from 7:30 a.m. to 6:30 p.m.
2 and outage and emergency access to Outage Specialists
3 twenty-four hours a day, seven days a week. Idaho Power
4 employs bilingual CSRs that provide service to the
5 Company's Spanish-speaking customers. Additionally, the
6 Company utilizes a third-party language service to help it
7 communicate with other non-English speaking customers. On
8 average, approximately 1.2 million inbound customer calls
9 are received by the CSC each year.

10 In addition to the services provided by CSRs during
11 business hours and by Outage Specialists 24 hours a day, 7
12 days a week, Idaho Power also provides its customers access
13 to account and outage information 24 hours a day, 7 days a
14 week through an Interactive Voice Response ("IVR") unit.
15 Through the IVR, customers can make payment arrangements;
16 retrieve billing, payment, and meter reading information;
17 sign up for Budget Pay; access energy efficiency and usage
18 information; and receive information on outages. Account
19 access is available 24 hours a day via the Company's secure
20 website. This allows customers the same "self-help"
21 options available through the IVR, plus the ability to
22 start and stop service and engage in an energy usage
23 analysis for their home or small business.

24 Q. Has the CSC experienced an impact from the
25 recent economic downturn?

1 A. Yes. In 2008, the CSC began experiencing an
2 increase in call volume and in particular the volume of
3 calls pertaining to credit and collection activity. At the
4 same time, the average length of each call increased as
5 customers negatively impacted by the economy found it more
6 difficult to arrive at a mutually agreeable payment
7 arrangement for their account. As a result of both the
8 increased call volume and the longer average length of each
9 call, customers have experienced an increase in the average
10 hold time.

11 Q. Has Idaho Power's customer satisfaction rating
12 declined as a result of the longer hold times?

13 A. Idaho Power's overall customer satisfaction
14 rating has remained high throughout the economic downturn,
15 as reflected in the consistently strong Customer
16 Relationship Index, even though customers have been
17 inconvenienced by the longer hold times. I believe the
18 high quality of our skilled CSRs plays a significant role
19 in overcoming the potentially negative impact longer hold
20 times could have on customer satisfaction and is one of the
21 reasons the Company has maintained its high customer
22 satisfaction scores.

23 Q. Has Idaho Power taken any steps to mitigate
24 the increase in hold times?

25

1 A. Yes. In July 2010, six additional employees
2 were hired. Five CSRs were hired to answer inbound calls
3 and one Support Specialist was hired to provide technical
4 support to employees. In September 2010, an additional six
5 CSRs were hired. The full benefit of these additional
6 employees was realized beginning in November of last year
7 as they completed their new employee training and gained
8 experience in their roles.

9 Q. Has Idaho Power's CSC continued to be impacted
10 by the economy in 2011?

11 A. Yes it has. The CSC continues to experience
12 the high call volumes, increased average length of call,
13 and longer hold times that began in 2008.

14 Q. Are any steps being taken to ensure adequate
15 personnel are available?

16 A. Yes. In March 2011, the Company once again
17 augmented CSC staffing by adding four temporary employees.
18 The flexibility afforded by using temporary staff allows
19 the Company to closely monitor the call volume and hold
20 times and make adjustments as needed to its staffing level
21 to ensure customer satisfaction is not negatively impacted
22 and costs are appropriately managed.

23 Q. You mentioned Idaho Power was undertaking
24 several customer-oriented initiatives. Do any of these

25

1 initiatives directly impact the way Idaho Power delivers
2 customer service?

3 A. Yes. The Company is implementing a new
4 Customer Service Call Management System. This system
5 provides several new features to customers including a
6 "virtual hold" option through the IVR and a "call me"
7 option through Idaho Power's website. In addition, it
8 allows for more sophisticated proactive dialing campaigns,
9 improved efficiency in employee scheduling, greater data
10 analysis capability, and improved quality assurance
11 monitoring.

12 Q. Are there any other customer service
13 initiatives being undertaken?

14 A. Yes. The Company has heard from its customers
15 that they would like a no-fee, on-line bank debiting
16 payment option. In response to this feedback, the Company
17 is developing a no-fee bill payment option to be available
18 to customers who utilize its Account Manager functionality
19 on Idaho Power's website. This option, which is scheduled
20 to be available in August 2011, will allow customers to
21 schedule no-fee electronic payments from their checking or
22 savings account. This payment option will provide more
23 flexibility and convenience to customers, and is expected
24 to reduce overall payment processing costs as customers who
25 currently use pay stations for same-day payments will have

1 the ability to make those payments without leaving their
2 homes or businesses.

3 Q. You mentioned earlier that Idaho Power is
4 committed to providing superior service to its customers.
5 Do you believe the initiatives undertaken within your
6 Customer Operations organization meet this commitment?

7 A. Yes. Idaho Power is committed to providing
8 superior service to its customers in all facets of its
9 business. I believe the organizational changes made over
10 the past few years as well as the initiatives completed and
11 currently underway demonstrate Idaho Power's commitment to
12 its customers to provide superior and satisfying service.

13 Q. In your opinion, should the Company's
14 requested rate increase be viewed as reasonable based upon
15 the Company's customer service and customer satisfaction
16 performance?

17 A. Yes. By providing the Company with fair and
18 timely recovery of its revenue requirement, the Commission
19 will be recognizing that the Company has adequately
20 addressed customer needs and that the Company's investments
21 that support customer service and satisfaction have been
22 appropriately incurred on behalf of customers.

23 Q. Does this conclude your direct testimony in
24 this case?

25 A. Yes, it does.