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IDAHO PUBLIC  
UTILITIES COMMISSION

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

Kimball Properties Limited )  
Partnership, and Hewlett )  
Packard Company, )  
 )  
Complainants, )  
 )  
vs. )  
 )  
Idaho Power Company, an Idaho )  
Corporation, )  
 )  
Respondent. )  
\_\_\_\_\_ )

CASE NO. IPC-E-00-12

IDAHO POWER COMPANY

DIRECT TESTIMONY

OF

GREGORY W. SAID

1 Q. Please state your name and business address.

2 A. My name is Gregory W. Said and my business  
3 address is 1221 West Idaho Street, Boise, Idaho.

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

6 A. I am employed by Idaho Power Company as the  
7 Manager of Revenue Requirement in the Pricing and Regulatory  
8 Services Department.

9 Q. Please describe your educational background.

10 A. In May of 1975, I received a Bachelor of  
11 Science Degree with honors from Boise State University. In  
12 1999, I attended the Public Utility Executives Course at the  
13 University of Idaho.

14 Q. Please describe your work experience with  
15 Idaho Power Company.

16 A. I became employed by Idaho Power Company in  
17 1980 as an analyst in the Resource Planning Department. In  
18 1985, the Company applied for a general revenue requirement  
19 increase. I was the Company witness addressing power supply  
20 expenses.

21 In August of 1989, after nine years in the  
22 Resource Planning Department, I was offered and I accepted a  
23 position in the Company's Rate Department. With the  
24 Company's application for a temporary rate increase in 1992,  
25 my responsibilities as a witness were expanded. While I

1 continued to be the Company witness concerning power supply  
2 expenses, I also sponsored the Company's rate computations  
3 and proposed tariff schedules in that case.

4 In 1994, I was asked to become the Meridian  
5 District Manager for a one-year cross-training opportunity.  
6 In 1995 I returned to my position in the Rate Department.  
7 In October 1996, I was promoted to lead a team of analysts  
8 in the newly reorganized Pricing & Regulatory Services  
9 Department, formerly known as the Rate Department. In that  
10 role, I became the Company contact for line installation  
11 disputes concerning Company compliance with tariff  
12 provisions.

13 As the Manager of Revenue Requirement, I  
14 continue to be the Company contact for line installation  
15 disputes before the Idaho Public Utilities Commission.

16 Q. Are you familiar with the electric service  
17 request received from Kimball Properties in 1999?

18 A. Yes. Kimball Properties requested that Idaho  
19 Power Company be prepared to serve a 4-megawatt load at a  
20 location now referred to as the Kimball Business Park. They  
21 indicated that their tenant, Hewlett Packard, had provided  
22 them with the load information.

23 Q. Were existing distribution facilities  
24 adequate to serve the 4-megawatt electric service request?

25 A. No. As Mr. Sikes has testified, additional

1 facilities were required to serve the 4-megawatt electric  
2 service request.

3 Q. Was Kimball Properties notified that their 4-  
4 megawatt request could not be served without the  
5 construction of additional facilities.

6 A. Yes. Kimball Properties was notified that  
7 additional facilities would be required to serve a 4-  
8 megawatt load and Kimball Properties reiterated their desire  
9 to have 4 megawatts of capacity available for Hewlett  
10 Packard Company.

11 Q. Does the Company have a Commission-approved  
12 tariff provision that specifically addresses electric  
13 service requests where inadequate facilities exist to serve  
14 the customer's request?

15 A. Yes. Rule H applies to requests for electric  
16 service under Schedules 1, 7, 9, 19, 24, 45, and 46 that  
17 require the installation, alteration, removal, or attachment  
18 of Company-owned distribution facilities. Exhibit 3 is a  
19 copy of Rule H that was applicable at the time of the  
20 Kimball Properties request.

21 Q. Which of Idaho Power's Commission-approved  
22 rate schedules would apply to a 4-megawatt service request?

23 A. Rate Schedule 19 is the Large Power Service  
24 schedule that is applicable to Customers with firm electric  
25 demand of 1,000 to 25,000 kW at a single Point of Delivery

1 who have entered into a Uniform Large Power Service  
2 Agreement. Exhibit 4 is a copy of Rate Schedule 19.

3 Q. Mr. Teinert states in his testimony that "At  
4 the time of the interconnection request it was anticipated  
5 that these buildings would be served under Schedule 19, the  
6 large industrial customer rate schedule." Is this  
7 significant?

8 A. Yes. This statement confirms that Idaho  
9 Power and Kimball Properties were in agreement as to the  
10 nature of the service request, i.e. the request was for  
11 Schedule 19 service.

12 Q. Based upon the Schedule 19 service request  
13 and the inability of the Company to serve the requested 4-  
14 megawatt load with existing distribution facilities, did the  
15 Company follow its standard procedure under Rule H and  
16 evaluate the cost of constructing adequate distribution  
17 facilities?

18 A. Yes. As Mr. Sikes states in his testimony,  
19 the Company evaluated a number of distribution feeder  
20 addition options to serve the Kimball Properties request,  
21 but found those alternatives more expensive to Kimball than  
22 constructing a new distribution substation near the Kimball  
23 property.

24 Q. Was Kimball Properties notified that Idaho  
25 Power had concluded that the best way to serve the 4-

1 megawatt request was to construct a substation?

2 A. Yes.

3 Q. Did Kimball Properties or Hewlett Packard  
4 contest the Company determination that constructing the  
5 substation was the best way to serve the 4-megawatt request?

6 A. No.

7 Q. If the Company had pursued one of the  
8 distribution feeder alternatives, who would have been  
9 responsible for the additional costs of constructing the  
10 feeder?

11 A. Kimball Properties would have been  
12 responsible for the entire cost of constructing the feeder,  
13 but would have been entitled to up to four vested interest  
14 refunds under the provisions of Rule H.

15 Q. How would other customers be impacted if  
16 Kimball paid the full costs of constructing the distribution  
17 feeder?

18 A. As Mr. Sikes testifies, in addition to the  
19 cost of constructing a distribution feeder, the Company  
20 would have been required to make annual \$100,000 payments to  
21 Union Pacific Railroad for using Union Pacific's right-of-  
22 way. These ongoing expenses would be allocated to and  
23 funded by Idaho Power's customers.

24 Q. Does Rule H apply to the addition of a  
25 substation?

1           A.       No, Rule H specifically states, "This rule  
2 does not apply to transmission or substation facilities, or  
3 to requests for electric service that are of a speculative  
4 nature."

5           Q.       Is the addition of a substation addressed in  
6 Schedule 19?

7           A.       Yes. Schedule 19, on page 1 in the section  
8 entitled "Availability," states that "To the extent that  
9 additional facilities not provided for under Rule H,  
10 including transmission and/or substation facilities, are  
11 required to provide the requested service, special  
12 arrangements will be made in a separate agreement between  
13 the Customer and the Company."

14          Q.       Did the Company and Kimball Properties enter  
15 into a separate agreement for the construction of a  
16 substation?

17          A.       Yes. Idaho Power determined the amount of  
18 contribution that would be required of Kimball in order to  
19 construct a substation to satisfy their request for service  
20 to a 4-megawatt load. Kimball paid that amount under  
21 protest and advised Idaho Power that it intended to dispute  
22 the assessment before the Idaho Public Utilities Commission.  
23 My understanding was that there was no dispute that the  
24 construction of a substation was appropriate, but only that  
25 Kimball Properties did not believe it was appropriate that

1 they be required to make a contribution in aid of  
2 construction. That dispute is the subject matter of this  
3 case.

4 Q. How did Idaho Power determine the amount of  
5 the required Kimball Properties contribution in aid of  
6 construction for the substation in question?

7 A. Idaho Power prorated the cost of the  
8 substation based upon the service request of 4 megawatts  
9 compared to the total size (20 megawatts) of the substation.  
10 Kimball Properties paid approximately 4/20 of \$1,200,000,  
11 which amounted to \$240,000. The remaining 16/20 became the  
12 responsibility of the general body of customers.

13 Q. Why does the Company believe it is  
14 appropriate for customers other than Kimball Properties to  
15 pay for a portion of a substation that was built  
16 specifically to serve the request of Kimball Properties?

17 A. Although the Company would not have  
18 constructed the Bethel Court substation, but for the Kimball  
19 Properties request, once the substation was in place the  
20 Company was able to reconfigure loads on various feeders  
21 thereby providing system benefit. Such benefit is similar  
22 to the "Company Betterment" envisioned in Rule H. Company  
23 Betterment is that portion of the cost of a line  
24 installation that provides a benefit to the Company (and its  
25 customers), but is not required by the Applicant. In this

1 case, Kimball Properties did not need the additional 16  
2 megawatts, and the Company and our customers do receive some  
3 benefit from redistributed loads.

4 Q. Why does the Company require contributions in  
5 aid of construction?

6 A. Generally, the cost of serving new load is  
7 greater than the cost of serving existing load. The  
8 rationale for requiring contributions in aid of construction  
9 is that by requiring such contributions, the upward pressure  
10 on rates can be reduced.

11 Q. Are all new customers subject to a potential  
12 requirement to make a contribution in aid of construction?

13 A. Yes, however, Rule H provisions include  
14 allowances or offsets to required contributions in aid of  
15 construction of distribution facilities. Whenever the Rule  
16 H allowances are greater than the work order costs for  
17 providing service to the new customer, the new customer is  
18 not required to make a contribution in aid of construction.

19 Q. Do the Commission-approved tariffs provide  
20 allowances for substations?

21 A. No.

22 Q. Please recap the steps the Company went  
23 through to determine the contribution in aid of construction  
24 required from Kimball Properties.

25 A. First, the Company looked at the request of

1 Kimball Properties. The request was for 4 megawatts of  
2 electric service at a location where adequate capacity was  
3 unavailable. Based upon the request, Kimball Properties was  
4 evaluated as a Schedule 19 customer.

5 The Company next evaluated alternatives to  
6 serving the Kimball Properties request. Due to a variety of  
7 considerations as discussed by Mr. Sikes, the Company  
8 determined that the best solution was to construct a  
9 substation to serve the Kimball Properties request.

10 Because the Schedule 19 request called for  
11 the construction of a substation, Rule H provisions did not  
12 apply. Idaho Power determined that a proration of  
13 substation expenses was appropriate because there would be  
14 some system benefits derived from the substation that were  
15 above and beyond the expressed needs of Kimball Properties.  
16 The cost of the substation was prorated in a manner such  
17 that Kimball properties paid 4/20 of the cost of the  
18 substation and the remaining 16/20 of the cost became the  
19 responsibility of the general rate paying customers of Idaho  
20 Power Company.

21 Q. Mr. Teinert has stated that the Company does  
22 not apply its policy concerning contributions in aid of  
23 construction on a consistent basis. Do you agree?

24 A. No. The steps I have described are the same  
25 steps Idaho Power goes through every time a new customer

1 requests service. The Company determines the appropriate  
2 service schedule based upon the customer request. The  
3 Company determines the appropriate facilities required to  
4 serve the request. The Company complies with Rule H  
5 provisions for determining contributions in aid of  
6 construction. When facilities other than those addressed in  
7 Rule H are required, the Company enters into a special  
8 agreement to address the customers required contribution in  
9 aid of construction.

10 Q. Are you aware of any situations where the  
11 Company has inconsistently applied its policy with regard to  
12 the collection of contributions in aid of construction?

13 A. No, I am not.

14 Q. If the Company erroneously failed to follow  
15 its policy and require a contribution in aid of construction  
16 from a customer whose request for electric service required  
17 the construction of facilities such as a substation, would  
18 that suggest that all subsequent electric service requests  
19 that required the construction of a substation should not be  
20 required to make a contribution in aid of construction?

21 A. No. If the Commission found that the Company  
22 erred by not requiring a contribution in aid of construction  
23 from a particular customer, the Company should be directed  
24 to pursue the collection of the missed contribution in aid  
25 of construction rather than instructing the Company to

1 repeat the error in perpetuity.

2 Q. Mr. Teinert suggests that West Farm Foods was  
3 not assessed for a contribution in aid of construction when  
4 the Company had determined that a contribution was  
5 appropriate. Please discuss West Farm Foods.

6 A. West Farm Foods made a series of service  
7 requests. The first request for additional capacity was  
8 accommodated by an upgrade to a distribution feeder. West  
9 Farm Foods next stated that they intended to grow their load  
10 further. Idaho Power determined that the additional load  
11 growth would require both substation and transmission  
12 upgrades that would require a contribution in aid of  
13 construction. West Farm Foods then reduced their service  
14 request such that their request for additional capacity was  
15 equal to the existing available capacity. Idaho Power  
16 believes that West Farm Foods is circumventing the intent of  
17 the policy requiring contributions in aid of construction  
18 and is monitoring the loads of West Farm Foods to insure  
19 that other customers are not adversely impacted by the  
20 actions of West Farm Foods. No substation or transmission  
21 investment has been made to provide for additional capacity  
22 available to West Farm Foods.

23 Q. Mr. Teinert suggests that Idaho Power charged  
24 Meridian Gold Company (MGC) in a different manner than  
25 Kimball Properties. Is that true?

1           A.       Yes.  The Meridian Gold request dealt with  
2 transmission to a speculative mining venture.  Idaho Power  
3 contended that Meridian Gold should bear all of the costs of  
4 the transmission upgrade.  Meridian Gold disputed the costs  
5 and the IPUC ordered a different assessment of costs to  
6 Meridian Gold than the Company had determined.

7           Q.       Is it your understanding that the Commission  
8 intended that all subsequent computations of contributions  
9 in aid of construction should follow the Meridian Gold  
10 template?

11          A.       No.  In its order the Commission recognized  
12 the speculative nature of gold mining and I believe they  
13 intended that the computations of Meridian Gold contribution  
14 in aid of construction was not precedent setting.

15          Q.       Mr. Teinert has described the Company's  
16 policy of requiring a contribution in aid of construction  
17 for substations as irrational.  Please comment.

18          A.       I believe that the policy of requiring a  
19 contribution in aid of construction for substations is not  
20 only rational, but also consistent with Commission-approved  
21 requirements for contributions in aid of construction.  
22 While Rule H contains provision for allowances and Company  
23 Betterment, the policy concerning substations does not  
24 include allowances, but does consider Company Betterment via  
25 proration.

1           Q.       Mr. Teinert also describes the Company's  
2 policy of requiring a contribution in aid of construction  
3 for substations as capricious and discriminatory. Please  
4 comment.

5           A.       The use of the word capricious suggests that  
6 there is a lack of predictability to the policy. On the  
7 contrary, the policy is very predictable. A Schedule 19  
8 request for electric service that requires the construction  
9 of a substation will require a contribution in aid of  
10 construction. The Company makes every effort to apply this  
11 policy uniformly recognizing individual circumstances  
12 presented. Mr. Teinert suggests that the policy is  
13 discriminatory because the Company does not require a  
14 contribution in aid of construction for a Schedule 19  
15 request when electrical requirements do not require the  
16 construction of a substation. Idaho Power believes that  
17 when electrical requirements do not require the construction  
18 of additional facilities and as a result no additional  
19 investment is required of the Company, it is inappropriate  
20 to require a contribution in aid of construction. In fact,  
21 customers should be encouraged to locate in areas with  
22 available capacity thus more fully utilizing the system.  
23 The Company's policy of requiring a contribution in aid of  
24 construction does require that construction actually occur,  
25 but I don't understand how that can be considered

1 discriminatory.

2 Q. Does this conclude your testimony?

3 A. Yes.