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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

REBUTTAL 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. Are you the same Gregory W. Said that
5 previously submitted direct testimony in this proceeding?

6 A. Yes.

7 Q. What is the purpose of your rebuttal
8 testimony?

9 A. The purpose of my rebuttal testimony is to
10 discuss a number of areas within Staff witness Sterling's
11 direct testimony where the Company believes Mr. Sterling has
12 arrived at erroneous conclusions.

13 Q. At page 3 of Mr. Sterling's testimony, he
14 states that Rule H is not applicable in this case because
15 Rule H addresses distribution facilities whereas the
16 HP/Kimball Properties dispute concerns substation costs.
17 Does the lack of direct applicability of Rule H to
18 substation facilities at question in this case suggest that
19 the policy or rationale underlying Rule H is irrelevant to
20 this case?

21 A. No. Mr. Sterling is correct that this case
22 is concerned with substation costs whereas Rule H
23 specifically addresses the costs of distribution facilities.
24 However, the Company believes that, in this case, it is
25 important to consider the rationale underlying Rule H

1 because Rule H embodies a standard policy by which the
2 Company seeks contributions in aid of construction (CIACs).
3 Idaho Power believes that its procedure for collecting a
4 CIAC for substation costs in this case was consistent with
5 the rationale for Rule H collection of CIACs.

6 Q. What is the standard procedure by which the
7 Company seeks CIACs for distribution facilities under
8 Rule H?

9 A. In accordance with Rule H, whenever the
10 Company receives a request for service, the first question
11 asked is "Are existing distribution facilities adequate to
12 serve the requested load?" If the answer is yes, then no
13 CIAC is collected from the customer. However, if the answer
14 is no, customers may be asked to make a CIAC provided that
15 allowances granted by Rule H do not exceed the cost of new
16 distribution facilities required to serve the request.

17 Q. Are CIACs directly addressed by any other
18 tariff schedules?

19 A. Yes. Schedule 72, the tariff schedule
20 addressing interconnections with PURPA qualifying facilities
21 (QFs), includes provisions for requesting CIACs.

22 Q. Is the procedure for requesting CIACs under
23 Schedule 72 similar to the procedure for requesting CIACs
24 under Rule H?

25 A. Yes. The procedures for requesting CIACs

1 under Rule H and Schedule 72 are very similar except that
2 the analysis of Schedule 72 requests involves evaluating the
3 adequacy of existing capacity to accept additional
4 generation whereas the analysis of Rule H requests involves
5 evaluating the adequacy of existing capacity to accept
6 additional load. Under Schedule 72, if the existing line
7 and substation facilities are adequate, there is no CIAC
8 other than site-specific interconnection equipment expenses
9 which are charged to the customer.

10 Q. Are the procedures the Company follows to
11 identify the need for CIACs for either Rule H requests for
12 service or Schedule 72 requests for interconnection similar
13 to the procedure that Mr. Sterling has called
14 "discriminatory" in this proceeding?

15 A. Yes. In this case, HP/Kimball Properties
16 requested service at a location where additional facilities
17 were required in order to provide capacity adequate for the
18 request. Because additional facilities were required, a
19 CIAC was requested.

20 Q. At page 5 of his testimony, Mr. Sterling
21 states that Idaho Power did not violate its tariffs, but
22 that the Company did exercise judgment and, because judgment
23 was involved, questions of discrimination can arise. Please
24 comment.

25 A. I agree that Idaho Power did not violate its

1 tariffs, and I also believe that the way the Company
2 exercised its judgment concerning HP/Kimball was not
3 discriminatory.

4 It is important to review those areas where
5 the Company exercised judgment with regard to the HP/Kimball
6 request. The Company first exercised judgment in
7 determining if adequate facilities existed to serve the
8 HP/Kimball request. Mr. Sikes has discussed the process the
9 Company followed to determine the best method of serving the
10 HP/Kimball request. The Company routinely performs this
11 type of evaluation whenever it receives a request for
12 service or a request for interconnection in the case of
13 Schedule 72.

14 Mr. Sterling suggests that the Company's
15 determination, in this case, that additional substation
16 facilities were required, may have been the basis for
17 discrimination by the Company. However, he doesn't seem to
18 contend that the determination was incorrect. The Company
19 believes that there is nothing in this record to support a
20 contention that HP/Kimball was discriminated against or
21 that, based on HP/Kimball's request, the Company incorrectly
22 determined that additional facilities were required.

23 The second instance where the Company
24 exercised its judgment was in computing the CIAC required as
25 a result of HP/Kimball requesting service at a location

1 where inadequate facilities existed. Again, I see nothing
2 in Mr. Sterling's testimony that suggests that the CIAC
3 collected should have been determined in a different manner.
4 Rather, Mr. Sterling suggests that, after the fact,
5 HP/Kimball should benefit via a refund of a portion of their
6 CIAC because their ultimate consumption of electricity was
7 different from what they told Idaho Power at the time of
8 their service request. In essence, the Commission Staff is
9 recommending that other customers of Idaho Power absorb
10 additional costs because Hewlett Packard and Kimball
11 Properties failed to properly assess their load
12 requirements.

13 Q. Was the computation of the HP/Kimball CIAC
14 consistent with the computation of CIACs required of other
15 Schedule 19 requests?

16 A. Yes. HP/Kimball was treated in a manner
17 consistent with the treatment of other Schedule 19 requests
18 where inadequate facilities existed.

19 Q. Have other Schedule 19 requests requiring a
20 CIAC for substation facilities been subject to refund?

21 A. No, they have not. The only instances where
22 a CIAC for substation facilities was refundable were for
23 large speculative developments that consisted primarily of
24 residential and non-Schedule 19 requests. In those
25 instances, the Company and the developer submitted a

1 contract, detailing the provisions for refunds, to the IPUC
2 for approval prior to the collection of a CIAC.

3 Q. At page 15 of his testimony, Mr. Sterling
4 states "It is discriminatory whenever one customer has to
5 pay for substation facilities and another customer, who may
6 require the same or even larger substation capacity, does
7 not have to pay just because extra substation capacity is
8 already available." Please comment.

9 A. I believe Mr. Sterling is incorrectly
10 applying the term "discrimination" in this case. The fact
11 that extra substation capacity is already available in the
12 second instance is a very important distinction. A new
13 customer who requires no additional facilities provides a
14 benefit to other Idaho Power customers in that no additional
15 costs are added to the system, but the existing costs can be
16 spread across a greater load, thereby effectively reducing
17 the cost responsibility of other customers.

18 Conversely, a new customer who requires
19 additional facilities, but is not required to make a CIAC,
20 adds total costs to be recovered by the Company. Those
21 additional costs adversely impact existing customers, since
22 those customers must absorb those additional costs. Asking
23 a customer for a CIAC in an effort to reduce a cost impact
24 to other customers who don't require the additional
25 facilities is not only not discriminatory, it is good

1 regulatory policy. I believe it is that same good
2 regulatory policy that provides the basis for the provisions
3 contained within Rule H and Schedule 72 that allows for
4 collection of CIACs from new customers or QF developers
5 requiring additional facilities.

6 Q. On page 6 of Mr. Sterling's testimony, he
7 offers a resolution to the HP/Kimball dispute that he
8 describes as "fair." Do you agree that Mr. Sterling's
9 solution is fair?

10 A. First, I believe Mr. Sterling's suggestion of
11 a fair solution arises from his erroneous contention that
12 Idaho Power discriminated against HP/Kimball. He states
13 that Idaho Power did not violate its tariffs; yet, he
14 provides no evidence that additional facilities were not
15 required to satisfy the HP/Kimball request and he does not
16 specify how the CIAC should have been determined in a
17 different "non-discriminatory" manner. Rather, he believes
18 that a refund should be granted based upon an after-the-fact
19 determination that things didn't turn out as HP/Kimball had
20 planned. I don't believe Idaho Power could have acted in a
21 discriminatory manner based upon facts that were not in
22 existence at the time of the CIAC collection. It appears
23 that Mr. Sterling is sympathetic to the mistakes made by
24 HP/Kimball and, therefore, is singling them out for special
25 treatment that no other Schedule 19 request has been

1 propounded by the Company, Mr. Sterling clarified his
2 testimony by stating that "Pay twice means pay two times; it
3 does not necessarily mean pay double the amount." Based
4 upon this response, I believe that Mr. Sterling is stating
5 that Idaho Power will not collect double amounts. He
6 recognizes that when Idaho Power collects a CIAC, those
7 construction costs covered by the CIAC are excluded from the
8 Company's revenue requirement and associated rates.

9 Q. In Mr. Sterling's testimony, at page 11, he
10 states "HP/Kimball will have paid once through up-front
11 charges and will effectively pay a second time for a share
12 of substation costs built into the rates paid by it and all
13 other Schedule 9 customers." Is there a double payment by
14 HP/Kimball?

15 A. No. Through the CIAC, HP/Kimball paid for
16 new substation construction costs that the Company
17 experienced as a direct result of the HP/Kimball request for
18 service. Through rates, HP/Kimball pays for substation
19 costs that are allocated to their customer class. Those
20 allocated substation costs exclude the amount contributed by
21 HP/Kimball via the CIAC. The rationale for requiring a CIAC
22 is that the relative cost of service for a new customer
23 requiring additional substation facilities will generally
24 always be higher than the cost to serve the incumbent
25 customers within the same customer class. While HP/Kimball

1 pays on multiple occasions, the payments are for different
2 costs. On no occasion does HP/Kimball pay twice for the
3 same costs.

4 Q. Does that complete your rebuttal testimony?

5 A. Yes.