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IDAHO PUBLIC  
UTILITIES COMMISSION

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**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

2 **KIMBALL PROPERTIES LIMITED** )  
3 **PARTNERSHIP AND HEWLETT** )  
4 **PACKARD COMPANY,** ) **CASE NO. IPC-E-00-12**  
5 )  
6 **COMPLAINANTS** )  
7 **VS.** )  
8 )  
9 **IDAHO POWER COMPANY, AN IDAHO** )  
10 **CORPORATION.** )

11  
12  
13  
14  
15  
16

**REBUTTAL TESTIMONY**

**PIKE TEINERT**

**ON BEHALF OF**

**KIMBALL PROPERTIES LIMITED PARTNERSHIP  
AND HEWLETT PACKARD COMPANY**

Teinert, Reb  
Hewlett Packard and  
Kimball Properties

16  
17

18 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

19 A. My name is Pike Teinert and my business address is  
20 834 Harcourt Road Boise, Idaho 83702.

21 **Q. ARE YOU THE SAME PIKE TEINERT WHO FILED DIRECT**  
22 **TESTIMONY AND EXHIBITS IN THIS MATTER?**

23 A. I am.

24 **Q. WHAT IS THE SCOPE OF YOUR REBUTTAL TESTIMONY?**

25 A. I plan to only address the issues surrounding the  
26 discriminatory nature of Idaho Power's treatment of HP. The  
27 Commission should not see the lack of attention to any particular  
28 issue in this rebuttal testimony as a concession on my part as to  
29 that issue.

30 **Q. WHY ARE YOU LIMITING YOUR REBUTTAL TESTIMONY TO JUST**  
31 **THE DISCRIMINATION ISSUE?**

32 A. Because I believe that issue is so compelling to the  
33 resolution of this case.

34 **Q. DID STAFF'S DIRECT TESTIMONY ADDRESS THE ISSUES YOU**  
35 **RAISED WITH RESPECT TO THE OTHER ISSUES, SUCH AS YOUR CONCLUSION**  
36 **THAT THE NEED FOR BETHEL COURT WAS THE RESULT OF POOR PLANNING ON**  
37 **IDAHO POWER'S PART?**

38 A. No. While I can somewhat understand that they might  
39 not want to explore the detailed engineering issues associated  
40 with my conclusion that the Bethel Court Substation was made

41 necessary because of poor planning, I had hoped that they would  
42 delve into that portion of this case.

43 **Q. WHY?**

44 A. I do believe that Staff has an obligation to insure  
45 that the power company is, indeed, engaged in proper planning  
46 that will result in a low cost, efficient, safe and reliable  
47 electrical system.

48 **Q. HAVE YOU REVIEWED THE DIRECT TESTIMONY OF THE**  
49 **COMMISSION STAFF IN THIS MATTER?**

50 A. Yes.

51 **Q. DO YOU HAVE ANY OVERALL OBSERVATIONS REGARDING THAT**  
52 **TESTIMONY?**

53 A. Yes. Frankly, I am perplexed by Staff's  
54 recommendation in this matter

55 **Q. IN WHAT WAY DO YOU FIND STAFF'S TESTIMONY PERPLEXING?**

56 A. The bottom line in Staff's testimony is that they  
57 agree with our contention that HP was treated in a discriminatory  
58 and capricious manner when Idaho Power charged it for twenty  
59 percent of the Bethel Court Substation. Staff also quotes the  
60 Idaho law to make the point that discriminatory treatment by a  
61 regulated utility is illegal.

62 **Q. WHY DOES THAT PERPLEX YOU? AFTER ALL, ISN'T ONE OF**  
63 **YOUR MAIN CONTENTIONS THAT THE SUBSTATION CHARGES WERE**  
64 **DISCRIMINATORY?**

65           A. Yes. However, the result that naturally flows from a  
66 finding that the substation charges were discriminatory should be  
67 that those charges are void and should be returned to the  
68 ratepayer. Staff, although agreeing that the charges were  
69 illegal, would still allow Idaho Power to keep two thirds of  
70 those illegal charges.

71           According to the Staff at page 6, lines 8 through 12:

72  
73           I firmly believe, however, that there is an  
74 expectation that those special arrangements [the HP  
75 substation charges] will be fair and non-discriminatory.  
76 "Special arrangements" does not mean that any arrangements  
77 are acceptable. Idaho Code §61-315 prohibits discrimination  
78 and preference among customers. [Emphasis in original.]

79           Then, at page 15 lines 12 through 23, the Staff  
80 unequivocally makes the finding that the substation charges were  
81 discriminatory and capricious:

82  
83           Q. HP/Kimball witness Teinert suggests that Idaho  
84 Power's policy of requiring a contribution in aid of  
85 construction for substations is capricious and  
86 discriminatory. Idaho Power witness Said disagrees. What  
87 is your opinion?

88           A. I agree with Mr. Teinert. It is discriminatory  
89 whenever one customer has to pay for substation facilities  
90 and another customer, who may require the same or even  
91 larger substation capacity, does not have to pay just  
92 because extra substation capacity is already available.  
93 While Idaho Power may attempt to honestly and fairly apply  
94 its policy, the results are inconsistent and discriminatory.  
95 [Emphasis provided.]  
96

97           So, you can see, the reason I am perplexed is because,  
98 while agreeing with us that we were treated in a capricious and

99 discriminatory manner, the Staff chose not to provide a complete  
100 remedy for the identified illegal treatment.

101 **Q. WHAT RATIONALE DID STAFF RELY ON IN CONCLUDING THAT**  
102 **HP IS RESPONSIBLE FOR TWO THIRDS OF ITS SUBSTATION CONTRIBUTION**  
103 **DESPITE THE FACT THAT STAFF CONCLUDED THOSE COSTS WERE**  
104 **DISCRIMINATORY?**

105 A. The Staff reasoned that HP should not be required to  
106 pay for the portion of the substation that it is currently using  
107 (approximately one third of the original requested four  
108 megawatts). However, it reasoned that HP should be required to  
109 pay for the portion of the 4 MW not currently being used by HP.

110 **Q. DO YOU SEE ANY PROBLEMS WITH STAFF'S APPROACH?**

111 A. Yes, I do. Obviously the first concern is that no  
112 other customer is being required to pay for any portion of this  
113 substation.

114 **Q. ARE OTHER CUSTOMERS, IN FACT, USING THE SUBSTATION?**

115 A. Absolutely. Eighty two percent (16.4 MW) of the  
116 capacity of this brand new 20 MW substation is currently being  
117 used.

118 **Q. HOW MUCH DOES HP USE?**

119 HP has used up to 1.5 MW of the capacity of this  
120 substation. There are other customers benefiting from this  
121 substation who are currently consuming 14.9 MW of capacity.  
122 There are only 3.6 MW of rated capacity left in this substation.

123 It won't take long for those remaining three and one half  
124 megawatts to be consumed in this rapidly growing area.

125 **Q. IS THE FACT THAT THE BETHEL COURT SUBSTATION IS**  
126 **CURRENTLY AT 82% OF IT POTENTIAL CAPACITY SIGNIFICANT?**

127 A. Yes. As stated in the ten year transmission plan for  
128 the Treasure Valley, Idaho Power does not normally load its  
129 substation feeders to 100% of their rated capacity. They choose  
130 to allow 2.5 MW of capacity per feeder of "available margin" for  
131 operating flexibility instead. Thus indicating that the Bethel  
132 Court Substation may already be loaded to optimum operating  
133 capacity. This point further strengthens the position that a  
134 substation in the Bethel Court area was needed with or without  
135 the Hewlett Packard load.

136 **Q. HOW DO YOU KNOW THAT IDAHO POWER ALLOWS 2.5 MW PER**  
137 **FEEDER FOR "AVAILABLE MARGINS"?**

138 A. On page 48 of Exhibit 13, which is the Ten Year  
139 Transmission Plan of the Treasure Valley Build Out Projection  
140 Distribution Planning 2002 Through 2012 which was prepared by  
141 Idaho Power.

142 **Q. WHAT HAPPENS WHEN THE REMAINING "AVAILABLE MARGIN" IS**  
143 **USED UP BY OTHER CUSTOMERS AND HP (OR ANY OTHER NEW CUSTOMER)**  
144 **SEEKS TO EXPAND OR BEGIN OPERATIONS IN THE KIMBALL PARK AREA?**

145 A. If HP, or a new customer, were planning to consume an  
146 additional one-megawatt or more, then under Staff's proposal, the  
147 problem would presumably play out as it did in the current

148 situation. Then, at its discretion Idaho Power could require HP  
149 or the new customer to pay for their portion of the expansion,  
150 while all other customers who come on line after the expansion  
151 would get a free (and discriminatory) ride.

152 **Q. WHAT DO YOU SUGGEST?**

153 A. For the current situation, I strongly recommend that  
154 the Commission heed the advice of its Staff and find that HP has  
155 been illegally charged for the Bethel Court Substation. Then,  
156 having made that finding, craft the only possible rational remedy  
157 - which is to order a complete refund of these charges.

158 **Q. DO YOU HAVE ANY COMMENTS ON STAFF'S OBSERVATION THAT,**  
159 **IF THE COMMISSION DOES NOT ORDER A REFUND, HP WILL BE PAYING**  
160 **TWICE FOR SUBSTATION CAPACITY?**

161 A. Yes. It is true, absent a refund, HP will be  
162 uniquely singled out as the only Schedule 9 customer that is  
163 required to pay for substation capacity both in its rates and  
164 again as an up front contribution. That is reason enough to  
165 order a refund. However, just as importantly, it appears that  
166 Staff is actually imposing a penalty on HP for not using the  
167 entire four megawatts. That too, is discriminatory and should  
168 not be used as a rationale for denying HP its rightful refund.

169 **Q. PLEASE EXPLAIN.**

170 A. There is no provision in either Schedule 9 or  
171 Schedule 19 providing for a penalty against a customer for  
172 erroneous load growth estimates. Staff did suggest several

173 concepts that may be discussed as new policy choices in a new  
174 generic case. Included among those concepts is a requirement that  
175 all Schedule 19 customers pay up front for all their requested  
176 capacity. That may be a good idea, but it is not currently  
177 before the Commission for resolution. It is certainly a bad idea  
178 to impose this suggested policy on only one customer and to do so  
179 retroactively and before the concept has been fully examined by  
180 the Commission in a proceeding called for that purpose.

181 **Q. DOES STAFF REACH OTHER CONCLUSIONS IN ITS TESTIMONY**  
182 **THAT YOU FIND PERPLEXING?**

183 A. I find it perplexing that Staff could make the  
184 following statement and still conclude that HP should pay for a  
185 significant portion of the Bethel Court Substation:

186  
187 | Idaho power's application of the rule causes unfair  
188 | results. Idaho Power charges Schedule 19 customers who  
189 | request new service when substation and transmission  
190 | capacity is not adequate, but imposes no up-front charges  
191 | when adequate capacity already exists. By applying the rule  
192 | in this way, whether a customer is asked to make an up-front  
193 | payment truly is a matter of timing.

194  
195 Sterling, R. Di p. 12, lines 9 - 15.

196 HP experienced the exact scenario described above by  
197 Mr. Sterling as "unfair", yet it seems the Staff is content to  
198 permit this injustice go without a remedy.

199 **Q. ALTHOUGH STAFF DID NOT ADDRESS YOUR ASSERTION THAT**  
200 **IDAHO POWER UNFAIRLY AMALGAMATED THE LOAD FOR THESE FOUR**  
201 **BUILDINGS FOR PURPOSES OF CALCULATING THE AMOUNT OF CONTRIBUTION**

202 IDAHO POWER CHARGED HP, MR. SIKES DID. DO YOU HAVE ANY RESPONSE  
203 TO MR. SIKES' CRITICISM OF YOUR TESTIMONY ON THIS POINT?

204 A. Yes. Mr. Sikes states at page 17 of his testimony  
205 that when Idaho Power receives multiple requests for new capacity  
206 "within the lead time required for construction of the facilities  
207 needed to serve the request" that it treats all of those requests  
208 as equally contributing to the need to upgrade the facilities.  
209 He concluded that Idaho Power requires all of those new customers  
210 to pay for the increased capacity on the "same prorated capacity  
211 basis."

212 Q. IS THAT WHAT IDAHO POWER, IN FACT, DID IN THIS CASE?

213 A. No. This is another example of the problems inherent  
214 in implementing a "policy" that is neither written nor approved  
215 by the Commission.

216 Q. WHAT PROBLEMS CONCERN YOU?

217 A. First, What is the definition of "lead time required  
218 for construction of the facilities needed to serve the request?"  
219 Does "lead time" include just the construction phase, the  
220 planning phase or general pre-planning for the area? Second,  
221 what geographic area is served by the upgraded facilities?  
222 Bethel Court is now loaded to 82 percent of its maximum capacity.  
223 Presumably it is serving an area beyond just the immediate  
224 Kimball business park. However, if we look at just Kimball  
225 business Park area, it is apparent, that this 11<sup>th</sup> hour "policy"

226 justification for amalgamating just the HP buildings is not only  
227 discriminately applied, it is not a true policy at all.

228 **Q. PLEASE EXPLAIN?**

229 A. Using Idaho Power's logic, all new load in this area  
230 within the same time frame as when HP's buildings were  
231 constructed should have been amalgamated for purposes of  
232 contributing to the cost of Bethel Court. After all, according  
233 to Mr. Sikes, "If Idaho Power receives multiple requests within a  
234 similar time frame, whether by the same customer or multiple  
235 customers, the Company views all of those requests as  
236 contributing equally to the need to upgrade the faculties."  
237 Sikes, Di, page 17 lines 5 - 8.

238 **Q. WERE THERE OTHER BUILDINGS CONSTRUCTED AT KIMBALL**  
239 **PARK WITHIN THE SAME TIMEFRAME AS HP'S BUILDINGS WERE**  
240 **CONSTRUCTED?**

241 A. Many new buildings were constructed in Kimball Park  
242 during that time frame, but only HP's were amalgamated under  
243 Idaho Power's "policy" which ostensibly requires all new  
244 customers in the same time frame to contribute to cost of the new  
245 capacity.

246 **Q. WHAT TIME FRAME SHOULD BE USED TO CHARGE ALL NEW**  
247 **CONSTRUCTION IN THE AREA FOR BETHEL COURT CONSTRUCTION COSTS - AT**  
248 **LEAST ACCORDING TO IDAHO POWER'S AMALGAMATION "POLICY?"**

249 A. The same time frame should be used for all of the new  
250 buildings in the area as was used for HP. The relevant time

251 frame would be from the date of the ROD (probably earlier but  
252 that is a conservative date) to the date of construction of the  
253 last HP building.

254 **Q. WHAT ARE THOSE DATES?**

255 A. The Record of Decision for Bethel Court, Sequence No.  
256 2113, Rev. Num. 1 has an "origin" date of May 1999. That would  
257 be the starting date. Of course, the ending date would be the  
258 date the last HP building that was assessed a CIAC for Bethel  
259 Court was constructed. That date is May 2000.

260 **Q. HOW MUCH NEW CONSTRUCTION ACTIVITY TOOK PLACE IN THE**  
261 **KIMBALL BUSINESS PARK DURING THAT TIME PERIOD?**

262 A. Quite a lot. There were fifteen new buildings  
263 constructed in the immediate vicinity of the four HP buildings  
264 during the time frame Idaho Power's "policy" of amalgamation was  
265 in effect. However, only the four HP buildings were amalgamated  
266 despite the power company's policy of amalgamating all new  
267 customers. My Exhibit No. 14 is a list of the fifteen buildings  
268 indicating their construction dates. It is keyed to the map in  
269 Exhibit 10.

270 **Q. WHAT DO YOU CONCLUDE FROM THE FACT THAT IDAHO POWER**  
271 **ONLY AMALGAMATED HP'S LOAD AND NONE OF THE OTHER NEW CUSTOMERS**  
272 **WHO APPEAR TO FALL WITHIN THEIR POLICY OF AMALGAMATION?**

273 A. It is another example of discriminatory and  
274 capricious treatment of just HP. I do not doubt that Idaho Power  
275 had good intentions, but the flaws inherent in applying an

276 | unwritten and undefined policy are apparent. It results in  
277 | inconsistent implementation and harms the power company's  
278 | customers. It also creates uncertainty and causes some  
279 | customers, such as HP in this instance, to be unfairly  
280 | discriminatorily treated.

281 | **Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?**

282 | A. Yes, it does.

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

KIMBALL PROPERTIES LIMITED )  
PARTNERSHIP AND HEWLETT )  
PACKARD COMPANY, ) EXHIBIT NO. 14  
)  
COMPLAINANTS )

CUSTOMERS THAT SHOULD HAVE BEEN AMALGAMATED  
FOR CONTRIBUTIONS FOR BETHE COURT CONSTRUCTION

**Customers That Should Have Been Amalgamated  
For Contributions for Bethel Court Construction**

Map Key #	Address	Square Feet	Approx. Date of Construction/ Occupancy	Name of Business or Bldg
3.	9576 W. Emerald (#1)	13,160	8/99	
4.	9576 W. Emerald (#2)	13,160	8/99	
5.	9543 W. Emerald	13,100	11/99	Sailfish Place
6.	9357 W Emerald	6,306	3/99	Westpark Medical
9.	9196 W. Emerald	35,200	10/01	Pinnacle Square
10.	9140 W. Emerald	19,380	1/01	Westpark Market
11.	351 Mitchell St. Ste 102	34,500	5/00	Business Interiors
12.	350 N. Mitchell St.	43,426	10/00	Cottonwood Plaza
13.	333 N. Sailfish Pl	90,276	9/00	HP #27
15.	9415 W. Golden Trout St Dr.	21,600	6/00	HP #29
16.	9390 N.. Golden Trout St.	34,400	9/00	HP #28
18.	456 N. Kimball Pl.	22,124	1/01	Kimball Plaza
19.	303 N. Kimball Pl	22,124	10/99	HP # 26

Exhibit No. 14  
Teinert, Reb  
Source: Records  
City of Boise

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on January 22, 2004, I served a true and correct copy of the within and foregoing REBUTTAL TESTIMONY OF PIKE TEINERT ON BEHALF OF KIMBALL PROPERTIES LIMITED PARTNERSHIP AND HEWLETT PACKARD COMPANY upon the following named individuals in the manner shown:

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