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IDAHO PUBLIC  
UTILITIES COMMISSION

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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

2 IN THE MATTER OF THE APPLICATION )  
 3 OF IDAHO POWER COMPANY FOR )  
 4 AUTHORITY TO INCREASE ITS RATES )  
 5 AND CHARGES FOR ELECTRIC SERVICE )  
 6 TO ELECTRIC CUSTOMERS IN THE )  
 7 STATE OF IDAHO. )  
 8 )  
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 11 )  
 12 )

CASE NO. IPC-E-03-13

13

REBUTTAL TESTIMONY AND EXHIBITS OF

14

PIKE TEINERT

15

ON BEHALF OF

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INDUSTRIAL CUSTOMERS OF IDAHO POWER

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

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

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

A. Yes, I am.

**Q. ARE YOU SPONSORING ANY EXHIBITS WITH THIS TESTIMONY?**

A. Yes. I am sponsoring Exhibits Nos. 209 through 212.

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

A. The scope of my rebuttal addresses issues within the scope of the rate design of Idaho Power's proposed Schedule 19 including, mandatory TOU, service charge and power factor adjustment. I will address the discriminatory, unfair, unprecedented and inequitable nature of Idaho Power's proposed Schedule 19 mandatory TOU tariff. I will address an excessive, unprecedented proposed increase in service charge for Schedule 19 customers. Lastly, I will address the unsupported proposed increase in Schedule 19 customer power factor minimum from 85% to 90%.

1           **Q. WHY ARE YOU LIMITING YOUR REBUTTAL TO THE THREE ISSUES**  
2 **OF MANDATORY TOU, SERVICE CHARGE AND POWER FACTOR ADJUSTMENT?**

3           A. Because they are the most discriminatory, unsupported  
4 and egregious components in the proposed Schedule 19.

5  
6           **Q. DID STAFF AND INTERVENER DIRECT TESTIMONY ADDRESS**  
7 **MANDATORY TOU RATES?**

8           A. Yes. However, both Staff and DOE direct testimony  
9 recommend that the Commission adopt the Company's proposal for  
10 mandatory TOU rates for Schedule 19 customers even though there  
11 have been no supporting studies and analyses undertaken by any of  
12 these parties that can substantiate any benefit associated with  
13 mandatory TOU rates for the Company and Schedule 19 customers.

14  
15           **Q. DOES THE DOE HAVE ANY MAJOR CONCERN WITH THE PROPOSAL**  
16 **TO MAKE SCHEDULE 19 A TIME OF USE RATE?**

17           A. Yes. Mr. Goins in his Direct Testimony on behalf of DOE  
18 states beginning on page 20, line 21:

19  
20           "While I do not object to the manner in which IPC  
21 designed the rate, I am concerned about the law of unintended  
22 consequences. IPC claims that the new rate design is revenue  
23 neutral. However, if large commercial and industrial customers  
24 are not prepared to operate cost-effectively under the new rate,

1 they may incur unexpected unacceptably high bills for their  
2 energy use."

3 **Q. WHAT IS YOUR OPINION OF THE DOE'S DIRECT TESTIMONY ON**  
4 **THE MANDATORY TOU RATE FOR SCHEDULE 19 CUSTOMERS?**

5 A. I find Mr. Goins' testimony on behalf of DOE to be both  
6 surprising and perplexing. Since they represent at least one  
7 Schedule 19 customer, it is surprising that they offer no  
8 supporting analysis and study of the proposed rate that confirms  
9 the benefits and costs for the Company and Schedule 19 customers.  
10 I am perplexed that the DOE cautions about the "law of unintended  
11 consequences" but does not follow through and recommend a  
12 cost/benefit analysis/study for all parties impacted by a  
13 mandatory TOU rate before a tariff is proposed and approved.

14  
15 **Q. WHAT IS YOUR OPINION ABOUT THE STAFF'S RECOMMENDATION**  
16 **THAT MANDATORY TOU RATES BE IMPLEMENTED FOR SCHEDULE 19**  
17 **CUSTOMERS?**

18 A. Staff's position is completely unsupported. The Company  
19 has offered no study and analysis that calculates the costs and  
20 benefits of mandatory TOU rates. The Staff's direct testimony on  
21 rate design is also contradictory.

22  
23 **Q. DOESN'T STAFF TESTIMONY RECOMMEND THAT TOU RATES BE**  
24 **IMPLEMENTED IN A MANNER CONSISTENT WITH THE COMPANY'S PROPOSAL?**

25 A. Yes.

26

1 Q. HASN'T THE COMPANY IN ITS PROPOSAL OFFERED ANALYSIS AND  
2 STUDIES THAT ANALYZE COSTS AND BENEFITS TO SCHEDULE 19 CUSTOMERS  
3 AND THE COMPANY FOR MANDATORY TOU RATES?

4 A. No. In response to ICIP's Discovery Request No. 2  
5 (Teinert Exhibit No. 209) regarding benefit and savings from  
6 implementation of mandatory TOU rates, the Company says:

7  
8 "No analyses attempting to identify any potential  
9 benefits or savings associated with mandatory time-of-use rates  
10 for Schedule 19 customers have been performed."

11  
12 Additionally, in response to ICIP's Discovery Request  
13 No. 3 (Teinert Exhibit No. 210) regarding TOU studies for any  
14 rate class, the Company responded:

15  
16 "In September 2002, Idaho Power submitted to the  
17 Commission a Residential Time-of Use Pricing Viability Study. A  
18 copy of the study is enclosed with this response. No other  
19 studies have been prepared." (emphasis added)

20  
21 These two responses by the Company and the Staff's  
22 recommendation to implement the proposed mandatory TOU Schedule  
23 19 tariff without rate class studies or analyses are perplexing  
24 and uncharacteristic of the Staff.

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**Q. WHY IS IT PERPLEXING?**

A. The Staff's Rate Design direct testimony in this case is replete with careful analysis of service charge proposals, energy charge proposals, base usage rates, demand charges and rate increase caps. However, in its rate design testimony its logic for implementing mandatory TOU rates for only Scheduling 19 customers, the staff states, beginning on page 28, line 24:

"TOU rates are most appropriate for Schedule 19 customers who are sophisticated enough to understand them and where the metering equipment already exists."

The staff offers no independent supporting studies and analysis for their recommendation to implement the proposed TOU rate design.

**Q. SHOULD THE STAFF RECOMMEND STUDIES THAT ANALYZE THE COSTS AND BENEFITS OF TOU RATES FOR SCHEDULE 19 CUSTOMERS AND CUSTOMERS OF ANY RATE CLASS?**

A. Yes. Staff witness Schunke comments in its testimony that they recommend TOU rates "wherever they are practical" and that "the first objective of rate design is to set rates that are closely aligned to cost of providing service." However, in regards to TOU for Schedule 19 customers, no studies and analyses

1 have been provided by any party in this case that confirm that  
2 mandatory TOU rates are practical and aligned with the cost of  
3 providing service for Schedule 19 customers.

4 It is clearly discriminatory to select only Schedule 19  
5 customers to experiment with mandatory TOU rates without a  
6 competent study and analysis of Schedule 19 and all other rate  
7 classes to determine the most effective rate class(es) for TOU  
8 rate implementation.

9  
10 **Q. DO YOU HAVE OTHER CONCERNS ABOUT THE STAFF'S TESTIMONY**  
11 **REGARDING MANDATORY TOU RATES FOR SCHEDULE 19 CUSTOMERS.**

12 A. Yes. Staff's rate design testimony recommends  
13 simplicity, minimizing rate shock, recognition of end use  
14 characteristics to differentiate between rate classes and pursuit  
15 of pilot programs and TOU rates. However, these rate design  
16 recommendations in Staff's testimony are contradictory to its  
17 recommendation to implement Schedule 19 mandatory TOU rates.

18 I am also concerned about Staff's oversimplification of  
19 revenue neutrality for Schedule 19 customers.

20  
21 **Q. WHAT IS CONTARDICTORY ABOUT THE STAFF'S RECOMMENDATION**  
22 **FOR SIMPLICITY AND MINIMIZING RATE SHOCK?**

23 A. Beginning on page 6, line 24 Mr. Schunke states:  
24

1            "It is also an objective to keep rates reasonable by  
2 balancing the cost of service goals with goals for simplicity,  
3 for minimizing rate shock and for promoting conservation -  
4 especially during high cost periods."

5  
6            However, beginning on page 28, line 24 Staff  
7 testimony states:

8  
9            "TOU rates are most appropriate for Schedule 19  
10 customers who are sophisticated enough to understand them and  
11 where metering equipment already exists."

12  
13            In my direct testimony I contrast the existing  
14 Schedule 19 rate with the proposed mandatory TOU for Schedule 19  
15 customers. The proposed rate has three demand and five different  
16 energy charges while the existing rate has only one demand and  
17 one energy charge. Clearly the proposed rate does not meet the  
18 Staff's recommendation for simplicity.

19            Also, Schedule 19 customers will experience "rate shock"  
20 if they must instantaneously begin on June 1 of this year to  
21 understand and adjust to a rate that will require major changes  
22 in their daily operations and production to avoid much higher  
23 bills for peak hour consumption.

24

1 Q. WHAT IS CONTRADICTORY IN THE STAFF'S RECOMMENDATION  
2 THAT RATE DESIGN RECOGNIZE END-USE CHARACTERISTICS TO  
3 DIFFERENTIATE BETWEEN RATE CLASSES?

4 A. Beginning on page 5, line 18 of Mr. Schunke's  
5 testimony, he explains Staff's rate design objective to  
6 differentiate between residential and industrial customer based  
7 on end-use characteristics. Clearly the end-use characteristic  
8 that contributes most to peak load during June, July and August  
9 is Residential air conditioning load. However, the Staff  
10 recommends mandatory TOU rates for the industrial, Schedule 19  
11 customer class that has a relatively flat load throughout the  
12 year. In contrast to its testimony, the Staff recommendation  
13 places the Residential end-use characteristic in the industrial,  
14 Schedule 19 rate design.

15  
16 Q. WHAT IS CONTRADICTORY ABOUT STAFF'S RECOMMENDATION TO  
17 PURSUE PILOT PROGRAMS AND TOU RATES?

18 A. On page 13, beginning on line 11 of his testimony, Mr.  
19 Schunke enumerates the pilot programs and TOU rates in existing  
20 Idaho Power tariffs as additional support for its recommendation  
21 of the proposed Schedule 19 rate. However, these are voluntary  
22 pilot programs and TOU rates that are optional within the rate  
23 class. In contrast, the proposed mandatory TOU rate design  
24 supported by the Staff is neither optional nor a voluntary pilot  
25 program. It is mandatory.

1           **Q. WHAT IS YOUR CONCERN ABOUT STAFF'S PERSPECTIVE OF**  
2 **REVENUE NEUTRALITY IN THE PROPOSED SCHEDULE 19 RATE?**

3           A. Although Mr. Schunke, beginning on page 28, line 19 of  
4 his direct testimony says that the proposed changes for Schedule  
5 19 rate design are revenue neutral, the Company's response to  
6 ICIP's Discovery Request No. 1 (Teinert Exhibit No. 211)  
7 demonstrates that the burden of the mandatory TOU rate design is  
8 very unequally distributed throughout the rate class. In fact  
9 based on the information in Teinert Exhibit No. 211, over 60% of  
10 Schedule 19 customers rates will rise above the average requested  
11 increase, 14% will see an increase approximately equal to the  
12 average increase and only 26% will experience an increase below  
13 the average increase for the rate class. Revenue neutrality  
14 normally strives for relative equity within a rate class. This  
15 rate design clearly does not.

16  
17           **Q. DOES THE DOE OBJECT TO THE PROPOSED SERVICE CHARGE FOR**  
18 **SCHEDULE 19 CUSTOMERS?**

19           A. No. The Company's proposal to increase the service  
20 charge for any rate class from 500%+ to 9000%+ is unprecedented.  
21 They propose increased service charges for other rate classes in  
22 this rate case. But, none approach an increase of 9000%. The  
23 Company's move to include additional fixed costs in service  
24 charges for other customer classes in this rate class has reached  
25 nowhere near the 9000% increase level. This is clearly

1 discriminatory treatment of Schedule 91 secondary service level  
2 customers. However, it is perplexing that even though the DOE is  
3 a Schedule 19 customer, it does not object to a discriminatory  
4 and extremely large increase in service charge. The Staff  
5 recommends no increase.

6  
7 **Q. WHY ARE YOU CONCERNED ABOUT THE UNSUPPORTED POWER**  
8 **FACTOR ADJUSTMENT PROPOSAL IN SCHEDULE 19?**

9 A. The Doe recommends approval of the increase in the  
10 minimum from 85% to 90% for Schedule 19 customers, even though  
11 they are a Schedule 19 customer and there is no study and  
12 analysis verifying that the Company's distribution system is  
13 constrained due to excessive reactive power flow. On the  
14 contrary, excessive reactive power flow would result in higher  
15 losses and reduce system capacity. Idaho Power's response to  
16 ICIP's Discovery Request No. 48 (Teinert Exhibit No. 212)  
17 indicates that system reliability indices, SAIDI and SAIFI, have  
18 continuously improved over the last 4 years by 38% and 29%  
19 respectively.

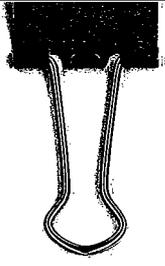
20  
21 **Q. DOES THIS END YOUR REBUTTAL TESTIMONY?**

22 A. Yes, it does.  
23  
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**REQUEST NO. 2:** Please provide any and all data and analyses of the benefits, savings and increased revenues from implementation of mandatory time-of-use rates for Schedule 19 versus other IPC rate classes.

**RESPONSE TO REQUEST NO. 2:** No analyses attempting to identify any potential benefits or savings associated with mandatory time-of-use rates for Schedule 19 customers have been performed. The time-of-use rates are designed to be revenue neutral. As such, no increased revenues are anticipated from the implementation of time-of-use rates.

The response to this request was prepared by Maggie Brilz, Director of Pricing, Idaho Power Company, in consultation with Barton L. Kline, Senior Attorney, Idaho Power Company.



**REQUEST NO. 3:** Please provide any and all data and analyses of the benefits, savings and increased revenues from implementation of mandatory time-of-use rates for any other rate class.

***RESPONSE TO REQUEST NO. 3:*** In September 2002, Idaho Power submitted to the Commission a Residential Time-of-Use Pricing Viability Study. A copy of the study is enclosed with this response. No other studies have been prepared.

The response to this request was prepared by Maggie Brilz, Director of Pricing, Idaho Power Company, in consultation with Barton L. Kline, Senior Attorney, Idaho Power Company.

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**EXHIBIT 211**

**PAGES 1-4**

**CONFIDENTIAL**

**REQUEST NO. 48:** Please provide copies of all of Idaho Power's Distribution Reliability Indices records from 1993 to 2003.

**RESPONSE TO REQUEST NO. 48:**

**Idaho Power Company System Performance (10 Years)**

YEAR	SAIDI	SAIFI
1993	2.9022	2.3385
1994	3.2510	2.6847
1995	2.5403	2.1205
1996	3.9135	2.3411
1997	2.1792	1.6738
1998	2.7211	2.0315
1999	4.0318	2.7448
2000	4.0356	2.4564
2001	3.9772	2.8059
2002	2.9099	2.2389
2003	2.5054	1.9843

SAIDI (System Average Interruption Duration Index) = Sum of Customer Interruption Durations / Total number of Customers Served.

SAIFI (System Interruption Frequency Index) = Total number of Customer Interruptions / Total number of Customers Served.

The response to this request was prepared by Darrell R. Tomlinson, Finance Team Leader, Financial Research/Support, Idaho Power Company, in consultation with Barton L. Kline, Senior Attorney, Idaho Power Company.

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