Jean Jewell

From: Ed Howell
Sent: Tuesday, February 10, 2004 3:37 PM
To: Jean Jewell; Ed Howell; Gene Fadness; Tonya Clark
Subject: Comment acknowledgement

WWW Form Submission:

Tuesday, February 10, 2004
3:37:17 PM

Case: IPC-E-03-13 (Idaho Power rate increase)
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mailing_list_yes_no: yes
Comment_description: I am opposed the general rate increases proposed by Idaho Power. While not an expert in regulated utilities accounting, I have the following comments;

1) I womewhat understand the Rate of Return on Common Equity theory and its use in determining rates. However, I don't completely understand the theory of using just 1 "test year." It seems that the company did not need any additional requests or need to use the ADITC in previous years and had some surplus to refund to users in 1996-99 because of excess ROE. It is evident or compelling that the test year 2003 drives the need for significantly higher base rates to achieve a reasonable return.
2) I understand the need to maintain reasonable credit ratings and borrowing ability. I also understand that in looking at rate increases you exclude non-regulated IdaCorp company financial impacts. However, I also understood from Mr. Lobb that IdaCorp results do somewhat impact credit ratings. Maybe I misunderstood. But if results of the irresponsible and stupid, bordering unethical, management practices of IdaCorp do impact Idaho Power ratings then I would suggest a complete divorce of Idaho Power. The underlying economics of Idaho Power are stable and sound. IdaCorp is erratic and irresponsible done for "shareholder diversification." The two should not be allowed to mix in any way.
3) While I cannot yet set details for Idaho Power's Q4, 2003 financial results it seems that they are still sound with an adequate return. I fail to see the underlying structural need for so significant an increase in base rates or the $2.50 to $10 proposed increase.
4) The PCA seems an adequate mechanism for dealing with market pricing volatility when purchasing supplemental power. Mr. Keen's testimony seemed to mix the two. I support the PCA. I do not see the underlying structural change.
5) 2003/2004 has the potential for a substantially improved water/snowpack year. Would this change if you waited 6 months?
6) The top 3 industrial customers have a substantially reduced rate already and are not receiving a proportional increase. I would suggest substantial increases in their rates. Mr. Keen referred to the IRP and public input requesting better contingency planning, more investment in infrastructure to avoid the 2000/problems. I don't know the details of that plan, those inputs, or what FERC may be requiring. But it seems that we are now paying a significant increase for an over-reaction perhaps to that problem. Again, part of that problems seems associated with greed, poor management, (of which IdaCorp was also a part), illegal behavior, and perhaps poor regulatory oversight. It does not seem to be caused by a lack of infrastructural investments. It seems we have had to pay twice. Once for the high rates driven by those behaviors and now a second time to invest in infrastructure in case management & individuals ever become irresponsible and go unregulated again. That seems wrong.
7) Having been a controller at Hewlett Packard for several years I understand rising cost

pressures and reduced income pressures that are a constant tension. I would expect Idaho Power to be very aggressive in scaling fixed costs and pursuing efficiencies that can offset some of the investment and inflationary pressures.

Bottom line. I do not see or undestand the underlying economic reasons for the siginificant increase. I see a very sound Idaho Power company. I see a lot of political and managerial reasons for the increase. I am perhaps overly and wrongly suspicious of the IdaCorp relationship and what I think of it's very shady and poorly managed recent past.

I realize this input is late in the process but can perhaps be of some value.

Dave Chamberlain

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