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IDAHO PUBLIC
UTILITIES COMMISSION

BEFORE THE

IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION OF IDAHO POWER COMPANY FOR AUTHORITY TO INCREASE ITS INTERIM AND BASE RATES AND CHARGES FOR ELECTRIC SERVICE.	)	CASE NO. IPC-E-03-~~31-2004~~ 13

Comments
~~DIRECT TESTIMONY~~ OF PHILIP W. GRIDLEY

IDAHO PUBLIC UTILITIES COMMISSION

MARCH 31, 2004

TESTIMONY OF PHILIP W. GRIDLEY

Comment:

The State of Idaho has great watersheds. Alaska has oil and Alaska's citizens receive grants or dividends. The point is that under the Idaho Public Utilities staff proposal, rates for residents are paying 46% of the total projected needs.

Projected power consumed of 34.236% differential shows $60,880,603, a whopping subsidization of other users.

I am firmly against any rate increases, and request a 5.4% reduction.

A report attached on Portland General Electric shows the same problems we are having. I compliment the Idaho Public Utilities Commission and staff for changing the direction of Ida Corp.

Enclosed are highlighted reports of Commission Staff members. Exhibit No. 127/128 D. Schunke and Exnibit No. 119 K. Hessing. Philip W. Gridley, power bill report 02/02/04 Acct. No. 2039103249.

From Exhibit No. 119:

NOTE:

Why does Idaho Retail Jurisdictions $1,481,824,192 minus break down Idaho only $579,308,595, a difference of $902,515,597? Is this a reflection of the 1/3 ownership of Jim Bridger Power Plant and the Vallamy Power Plant?

From Exhibit 127/128:

New rate proposal:

$3.00 =	.00293085 x 4,141,393,426	=	12,137,803
	.05304 X 4,141,393,426	=	219,659,507
	.055973085 x 4,141,393,426	=	231,806,566

NOTE:

231,806,566 / 499,267,983	=	46%
4,141,393,426 / 12,096,871,513	=	34.236%
499,257,983 x .34236	=	170,925,963

PHILIP W. GRIDLEY POWER BILL:

Rate (Old):	Rate (New):
2.51=.00244233 x 447kwh= 1.19	3.00 =.00293085 x 447kwh = 1.31
.055342 x 447kwh=24.74	.05504 X 447kwh = 23.70
.05778433 x 447kwh=25.82	.05597085 x 447kwh = 25.01

Sincerely,

Philip W. Gridley

Philip W. Gridley
Former Mayor
Real Estate Developer
Elmore County Service Officer

PGE earnings soft for third year

One-time costs and Enron's lingering influence suppress earnings growth for the state's largest electric utility in 2003

By GAIL KINSEY HILL
THE OREGONIAN

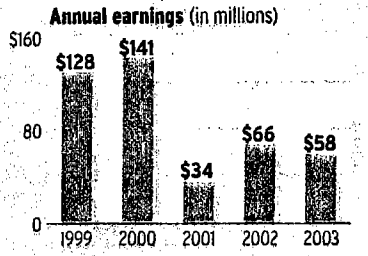
Portland General Electric struggled financially in 2003, the utility said Monday, as costs related to dry weather conditions and federal power trading investigations cut into earnings.

In its annual report, filed with the U.S. Securities and Exchange Commission, PGE reported earnings of $58 million for the year ended Dec. 31, down 12 percent from 2002 and less than half the levels it regularly posted in the late 1990s. Although the precise ratio hasn't yet been calculated by state regulators, the $58 million figure also represents only slightly more than half of what PGE is allowed by state regulators to keep in profits each year.

"We're probably below where we should be," said Jim Piro, PGE's chief financial officer, noting that several one-time charges contributed to the drop in earnings.

PORTLAND GENERAL ELECTRIC

In 2003 PGE continued its string of drab earnings performances, as dry weather and one-time costs took their toll.



Source: Portland General Electric

TED MITCHNER/THE OREGONIAN

It was the third consecutive year of lackluster earnings for Oregon's largest electric utility. The prolonged slump reflects the travails of a utility that has yet to shake the consequences of the 2000-01 power crisis or the backwash from bankrupt parent Enron, Piro said.

Yet company officials see improvements ahead, as one-time costs are absorbed and ties with Enron are severed.

Most immediately, Texas Pacific Group, a private equity investment firm based in Fort Worth, Texas, is trying to buy PGE for $2.35 billion, including $1.1 billion in assumed debt. If the deal falters — it still needs the approval of several state and federal regulatory agencies — Enron's fallback plan calls for the distribution to creditors of newly issued shares of PGE stock.

It's unclear whether the city of Portland might try to orchestrate a takeover bid for PGE if Texas Pacific's offer fails. Earlier city-led efforts to negotiate a government purchase of the utility hit resistance from Enron management and the bankrupt corporation's creditors.

Texas Pacific declined Monday to comment on PGE's earnings report. But Texas Pacific has publicly noted the utility's lagging performance, a condition that the firm's partners think offers attractive turnaround potential.

Operating revenue for the year totaled $1.75 billion, compared with

Please see **PGE**, Page C3

Continued from Page C1

$1.86 billion in 2002. A slight decrease in customer rates and a fall in electricity demand from industrial users contributed to the revenue decline.

Population growth brought PGE's customer base to 754,000, for a four-year gain of 35,000 retail accounts, but a slow economy kept revenues in check.

The factors that pulled down earnings included:

◆ About $19 million related to investigations into wholesale power marketing activities in 2000-01. Roughly $14 million involved reserves taken for wholesale electricity sales to California. An additional $5 million involved a settlement with federal regulators for suspect energy sales between PGE and Enron.

◆ About $9 million in extra power costs that were locked into high-priced electricity contracts. State regulators denied a utility request to increase rates to cover the additional expense.

◆ About $20 million related to weather conditions, which led to reduced power production at utility-operated dams. PGE was unable to use as much low-price hydro power as anticipated, forcing it to the wholesale market for more expensive purchases. Again, state regulators denied a request to pass along the costs to customers.

"They were factors beyond our control," Piro said.

The Oregon Public Utility Commission, which regulates investor-owned utilities, allows PGE a return on equity of 10.5 percent. In 2001 and 2002, PGE registered actual returns of 8.8 percent and 7.6 percent, respectively.

The 2003 percentage, which hasn't yet been adjusted to reflect one-time charges, stands at about 5 percent, Piro said.

Earnings of $90 million to $100 million would bring PGE more in line with allowable returns, Piro said.

Consumer groups have fought PGE's recent efforts to raise rates to cover extra power costs, arguing that customers should not bear the costs of faulty power-purchase decisions. Many customers are still smarting from the huge rate increases PGE imposed 2 ½ years ago — 30 percent for households and as much as 70 percent for some businesses.

"In some respects, the worst is behind them," said consumer advocate Bob Jenks, noting the settlement with federal investigators and an improving economy. "But they still have a fundamental problem. They have among the highest rates in the region and among the lowest earnings."

Jenks, executive director of the Citizens' Utility Board, remains critical of Texas Pacific's proposal to buy PGE. Under Enron ownership, PGE has been "directionless," he said. "And it might not be any better under Texas Pacific."

The year-end report also listed executive pay, which Enron boosted with retention bonuses designed to keep officers in the fold despite the bankruptcy.

Compensation last year for Peggy Fowler, PGE's chief executive and president, topped $1 million, including a performance bonus of $240,000 and a retention payment of $400,000. Her salary was $350,000.

Additional compensation included company contributions to Fowler's 401(k) retirement plan and a deferred compensation plan.

Recently retired Fred Miller, executive vice president of public policy and consumer affairs, received $557,000, including a performance bonus of $140,000 and a retention payment of $200,000.

Senior executives also received retention bonuses from Enron in 2002.

◆

Gail Kinsey Hill: 503-221-8590; gailhill@news.oregonian.com

IDAHO COMMISSION STAFF
JURISDICTIONAL SEPARATION STUDY - REVENUE REQUIREMENT
FOR THE TWELVE MONTHS ENDING DECEMBER 31, 2003

1	WITH ALL ADJUSTMENTS			RETAIL JURISDICTIONS	SUMMARY		
2		ALLOC/	TOTAL	IDAHO	TOTAL	TOTAL	FIRM
3	DESCRIPTION	SOURCE	SYSTEM	IPUC	RETAIL	RESALE	TRANSFER
4	*** SUMMARY OF RESULTS ***						
5							
6	RATE OF RETURN UNDER PRESENT RATES						
7	TOTAL COMBINED RATE BASE		1,600,619,126	1,481,824,492	1,559,926,944	10,500,460	30,191,722
8							
9	SALES REVENUES		576,039,178	543,332,605	571,668,731	4,370,447	0
10	OTHER OPERATING REVENUES		42,582,214	35,975,990	37,878,108	243,987	4,460,118
11	TOTAL OPERATING REVENUES		618,621,392	579,308,595	609,546,839	4,614,434	4,460,118
12	OPERATING EXPENSES						
13	OPERATION & MAINTENANCE EXPENSES		370,563,220	346,819,656	364,692,816	3,493,245	2,377,160
14	DEPRECIATION EXPENSE		92,995,217	86,036,653	90,813,237	602,445	1,579,534
15	AMORTIZATION OF LIMITED TERM PLANT		9,818,338	9,089,403	9,579,087	65,452	173,799
16	TAXES OTHER THAN INCOME		21,409,724	19,482,793	20,930,325	121,216	358,183
17	PROVISION FOR DEFERRED INCOME TAXES		3,109,043	3,030,149	3,159,881	(2,361)	(48,477)
18	INVESTMENT TAX CREDIT ADJUSTMENT		(308,166)	(300,346)	(313,205)	234	4,805
19	FEDERAL INCOME TAXES		16,368,289	15,771,186	16,753,053	(17,868)	(366,896)
20	STATE INCOME TAXES		3,475,574	3,383,521	3,534,892	(2,755)	(56,563)
21	TOTAL OPERATING EXPENSES		517,431,239	483,313,015	509,150,086	4,259,608	4,021,545
22	OPERATING INCOME		101,190,153	95,995,580	100,396,753	354,826	438,574
23	ADD: IERCO OPERATING INCOME		7,578,254	7,131,020	7,505,259	72,995	0
24	CONSOLIDATED OPERATING INCOME		108,768,407	103,126,600	107,902,012	427,821	438,574
25	RATE OF RETURN UNDER PRESENT RATES		6.795%	6.959%	6.917%	4.074%	1.453%
26							
27	DEVELOPMENT OF REVENUE REQUIREMENTS						
28	RATE OF RETURN REQUIRED @ 10.0% ROE			7.650%			
29							
30	RETURN AT CLAIMED RATE OF RETURN			113,359,574			
31	EARNINGS DEFICIENCY			10,232,973			
32							
33	NET-TO-GROSS TAX MULTIPLIER			1.446			
34	REVENUE DEFICIENCY			14,796,880			
35							
36	FIRM JURISDICTIONAL REVENUES			483,961,369			
37	PERCENT INCREASE REQUIRED			3.06%			
38							
39	SALES AND WHEELING REVENUES REQUIRED			498,758,249			

Exhibit No. 119
Case No. IPC-E-03-13
K. Hessing, Staff
2/20/04

Summary of Revenue Impact
IPC State of Idaho
Normalized 12-Months Ending December 31, 2003

Line No	Tariff Description	(1) Rate Sch. No.	(2) 2003 Avg. Number of Customers	(3) 2003 Sales Normalized (kWh)	(4) Current Base Revenue	(5) Cost of Service Revenue Adjustment	(6) Revised Revenue Adjustment	(7) Final Revenue Adjustment	(8) Staff Proposed Base Revenue	(9) Avg. Mills Per KWH	(10) Percent Change	(11) COS INDE
	Uniform Tariff Rates:											
1	Residential Service	1	335,605	4,141,393,426	214,289,414	(2,324,009)	7,701,303	5,373,582	219,662,996	53.04	2.51%	104'
2	Small General Service	7	32,316	265,335,667	16,798,476	87,591	886,250	700,814	17,499,290	65.95	4.17%	104'
3	Large General Service	S9	17,299	2,667,376,237	97,349,138	(4,749,808)	(370,144)	(123,369)	97,225,769	36.45	(0.13)%	105'
	Large General Service	P9	116	347,050,749	10,319,874	963,551	1,497,222	1,373,312	11,693,186	33.69	13.31%	104'
4	Dusk to Dawn Lighting	15	-	5,872,586	1,389,106	(1,519,207)	(1,525,360)	(508,402)	880,704	149.97	(36.60)%	-677'
6	Large Power Service	19	105	1,978,824,237	55,063,573	(2,465,403)	22,329	0	55,063,573	27.83	0.00%	105'
7	Agricultural Irrigation Sei	24	13,517	1,620,930,931	60,397,510	28,470,286	9,059,627	9,059,627	69,457,137	42.85	15.00%	78'
8	Unmetered General Sen	40	1,224	16,054,942	907,689	(313,562)	(285,462)	(95,144)	812,545	50.61	(10.48)%	137'
9	Street Lighting	41	1,432	17,912,039	1,809,269	(491,809)	(429,497)	(143,151)	1,666,118	93.02	(7.91)%	126'
10	Traffic Control Lighting	42	58	9,384,218	284,145	(11,365)	1,537	0	284,145	30.28	0.00%	104'
11	*Total Uniform Tariffs*		401,672	11,070,135,032	458,608,194	17,646,265	16,557,805	15,637,269	474,245,463	42.84	3.41%	100'
	Special Contracts:											
12	Micron	26	1	636,967,670	16,204,104	(1,666,383)	(978,794)	(326,232)	15,877,872	24.93	(2.01)%	109'
13	J R Simplot	29	1	186,684,665	4,632,571	(664,123)	(476,428)	(158,793)	4,473,778	23.96	(3.43)%	113'
14	DOE	30	1	203,084,146	4,622,414	(115,224)	97,952	48,456	4,670,870	23.00	1.05%	104'
15	*Total Special Contracts*		3	1,026,736,481	25,459,089	(2,445,730)	(1,357,270)	(436,569)	25,022,520	24.37	(1.71)%	109'
16	***Total Idaho Retail Sales***		401,675	12,096,871,513	484,067,283	15,200,535	15,200,535	15,200,700	499,267,983	41.27	3.14%	100'

Exhibit No. 127
Case No. IPC-E-03-13
D. Schunke, Staff
2/20/04

Summary of Revenue Impact
State of Idaho
Normalized 12-Months ending December 31, 2003
Proposed Base Rates

Residential Service
Schedule 1

Line No	Description	(1) Use	(2) Current Base Rate	(3) Current Base Revenue	(4) Proposed Base Rate	(5) Proposed Base Revenue	(6) Revenue Difference	(7) Percent Change
1	Service Charge	4,018,999.3	$2.51	$10,087,688	3.00	$12,056,998	$1,969,310	19.52%
2	Mininum Serv Chg	26,959.1	$1.00	26,959	3.00	80,877	53,918	200.00%
	Summer < 800kwh	587,353,914	0.049303	28,958,310	0.049303	28,958,310	0	0.00%
3	Summer>800 kwh	344,718,802	0.049303	16,995,671	0.059022	20,345,993	3,350,322	19.71%
4	Non-Summer	3,209,320,710	0.049303	158,229,139	0.049303	158,229,139	0	0.00%
5	Total kWh	4,141,393,426		204,183,120		207,533,442	3,350,322	1.64%
	summer differential				0.009719			19.71%
6	Customer Adj.			(8,353)		(8,353)	0	0.00%
7	Total Billing			$214,289,414		$219,662,964	$5,373,550	2.51%

Exhibit No. 128
Case No. IPC-E-03-13
D. Schunke, Staff
2/20/04

IDAHO POWER
An IDACORP Company
www.idahopower.com

Questions? Contact us at:
P.O. Box 30, Boise, ID 83721
Or call us at 388-2323 (Treasure Valley)
or (800) 488-6151
For faster service please call
Tuesday through Friday, 7:30 a.m. to 6:30 p.m.

Customer Name: PHILLIP GRIDLEY
Account Number: **2039103249**
Billing Date: 02/02/2004
Print Date: 02/03/2004

Service Agreement No: 4720037713
Next Read Date: 03/01/2004
Service Location: 720 E 9TH N/MOUNTAIN HOME, ID

Meter Number	Service Period From	To	Number of Days	Reading Type	Meter Readings Previous	Current	Meter Constant	kWh Used
002129427821	12/30/03	01/29/04	30	Regular	37975	38422	1	447

Residential Rate Schedule I01

12/30/2003 - 01/29/2004 30 days	$0.00
Customer Charge, per meter per month	$2.51
Energy Charge 447 kWh @ $0.055342 per kWh	$24.74
Franchise Fee 1%	$0.27
Conservation Program Funding Charge	$0.30
Federal Columbia River Benefits Supplied by BPA	$1.32 CR
Current Charges - Electric Service	**$26.50**

Average Daily Use Comparison

This Month This Year:		This Month Last Year: *	
Days =	30	Days =	30
kWh Billed =	447	kWh Billed =	736
kWh per Day =	14.9	kWh per Day =	24.5

CR = Credit
kWh = Kilowatt-hour
kW = Kilowatt
BLC = Basic Load Capacity
G = Generation
* Available after 12 months of service at this location.