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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 RATES) CASE NO. IPC-E-05-10
AND CHARGES FOR ELECTRIC SERVICE)
DUE TO THE INCLUSION OF THE)
BENNETT MOUNTAIN PROJECT INVEST-)
MENT IN REVENUE REQUIREMENT)

IDAHO POWER COMPANY

DIRECT TESTIMONY

OF

GREGORY W. SAID

March 2005

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. By whom are you employed and in what
5 capacity?

6 A. I am employed by Idaho Power Company as the
7 Manager of Revenue Requirement in the Pricing and Regulatory
8 Services Department.

9 Q. Please describe your educational background.

10 A. In May of 1975, I received a Bachelor of
11 Science Degree in Mathematics with honors from Boise State
12 University. In 1999, I attended the Public Utility
13 Executive's Course at the University of Idaho.

14 Q. Please describe your work experience with
15 Idaho Power Company.

16 A. I became employed by Idaho Power Company in
17 1980 as an analyst in the Resource Planning Department. In
18 1985 I was the Company witness addressing power supply
19 expenses in the Company's general revenue requirement case,
20 U-1006-265.

21 In August of 1989, after nine years in the
22 Resource Planning Department, I was offered and I accepted a
23 position in the Company's Rate Department. With the
24 Company's application for a temporary rate increase in 1992,
25 my responsibilities as a witness were expanded. While I

1 2002 IRP report resulted in the selection of the Mountain
2 View Power, Inc. project as the Company's preferred addition
3 of a new peaking resource.

4 Q. Are you the same Gregory W. Said that
5 provided testimony in Case No. IPC-E-03-12, the application
6 of Idaho Power Company for a certificate of convenience and
7 necessity for the ratebasing of the Bennett Mountain Power
8 Plant?

9 A. Yes, I am.

10 Q. Please summarize your testimony in Case No.
11 IPC-E-03-12.

12 A. My testimony in Case No. IPC-E-03-12 provided
13 a brief history of the Bennett Mountain Project as of that
14 time including Idaho Power's issuance of the RFP on February
15 24, 2003, the bid evaluation process that led up to the
16 selection of Mountain View Power, Inc. (MVP) as the
17 successful bidder, some of the significant provisions of the
18 agreement with MVP for the Project, and the Company's
19 proposed ratemaking treatment of the costs associated with
20 the Bennett Mountain Project. For the convenience of the
21 Commission, I have included my prior testimony in Case No.
22 IPC-E-03-12 as Exhibit 1.

23 For purposes of this testimony, the power
24 plant and the related transmission and interconnection
25 facilities are collectively referred to as "the Bennett

1 Mountain Project."

2 Q. Since you filed your testimony in Case No.
3 IPC-E-03-12, have there been any changes to the Bennett
4 Mountain Power Plant Agreement?

5 A. No. The Bennett Mountain Power Plant
6 Agreement has not been changed, however, MVP did assign the
7 Bennett Mountain Power Plant Agreement to an Idaho LLC, TR².

8 Q. Did the Commission issue an order in Case No.
9 IPC-E-03-12 approving the Company's application for a
10 Certificate of Public Convenience and Necessity for the
11 Bennett Mountain Project?

12 A. Yes. The Commission, in Orders Nos. 29410 and
13 29422, issued on January 2, 2004 and January 26, 2004
14 respectively, approved the Company's application for a
15 Certificate of Public Convenience and Necessity. On
16 January 8, 2004 the Commission issued Certificate No. 420
17 for the Bennett Mountain Plant. A copy of Certificate No.
18 420 is attached as Exhibit 2.

19 Q. What is the Company requesting from the
20 Commission in this case?

21 A. The Company is asking the Commission to
22 review the investments that the Company has made to develop
23 and integrate the Bennett Mountain Power Plant into the
24 Company's operating system and approve an adjustment to the
25 Company's rates to reflect those investments and certain

1 related expenses. The Company proposes that the rate
2 adjustment associated with the Bennett Mountain Project
3 occur on June 1, 2005 to coincide with other adjustments to
4 rates that will occur on that date.

5 Q. Will the Bennett Mountain Project be in
6 commercial operation on June 1, 2005?

7 A. Yes. In accordance with the agreement
8 between IPC and TR², care, custody and control of the
9 Bennett Mountain Power Plant will be transferred to Idaho
10 Power on the Provisional Acceptance Date, which is scheduled
11 for early March, 2005. Final acceptance and title transfer
12 will occur soon after.

13 Q. Will testing of the power plant occur prior
14 to provisional acceptance of the project?

15 A. Yes. Provisional acceptance of the Power
16 Plant is subject to performance tests to verify that plant
17 characteristics such as net capacity, net heat rate, and
18 emission levels are within tolerances contained in the
19 purchase agreement.

20 Q. In your opinion, will the Bennett Mountain
21 Project be used and useful on June 1, 2005?

22 A. Yes.

23 Q. Why has the Company filed this application
24 for inclusion of the Bennett Mountain Project prior to
25 Provisional Acceptance of the power plant?

1 of two primary areas of investment relating to the Project.
2 First, the largest amount of investment associated with the
3 Bennett Mountain Project is related to the construction of
4 the power plant by TR². As of January 31, 2005, Idaho Power
5 had booked \$42,932,458 as Construction Work In Progress
6 (CWIP). Included in this amount is \$1,358,291 of Allowance
7 for Funds Used During Construction (AFUDC). During the
8 months of February, March and April, the Company anticipates
9 booking an additional \$7,366,034 related to the Bennett
10 Mountain power plant. This will bring the total investment
11 in the Bennett Mountain Power plant to \$50,298,492.

12 Second, the total investment in transmission
13 and interconnection facilities required to integrate the
14 Bennett Mountain power plant into the Company's system has
15 also been quantified. As of January 31, 2005, \$7,279,985 of
16 investment in transmission and interconnection facilities
17 for the Bennett Mountain Project had been closed to plant.
18 The Company had also booked \$104,005 as CWIP for
19 transmission and interconnection facilities. AFUDC for
20 transmission and interconnection facilities amounted to
21 \$132,641. During the months of February, March and April,
22 the Company anticipates booking an additional \$340,501
23 related to Bennett Mountain transmission and interconnection
24 investment. This will bring the total investment in the
25 transmission and interconnection facilities associated with

1 the Bennett Mountain Power Plant to \$7,724,491.

2 It is anticipated that all of the power
3 plant, transmission and interconnection investments will be
4 closed to plant by June 1, 2005.

5 Q. How does the \$50,298,492 of investment in the
6 Bennett Mountain power plant compare to the Company's
7 commitment estimates noted by the Commission in Order No.
8 29410?

9 A. The \$50,298,492 investment in the Bennett
10 Mountain power plant is \$3,702,508 less than the \$54,000,000
11 commitment estimate provided by the Company. As noted by
12 the Commission in Order No. 29410, the Company had added
13 \$9,400,000 to the \$44,600,000 bid price of the Bennett
14 Mountain power plant to cover certain additional costs such
15 as: sales taxes, AFUDC, Idaho Power oversight of the
16 project, the cost of capitalized start-up fuel, construction
17 change orders and other unforeseen events. AFUDC amounts to
18 \$1,358,291 of the \$5,698,492 of capitalized expenses above
19 the \$44.6 million bid price.

20 Q. How does the \$7,724,491 of investment in the
21 transmission and interconnection facilities associated with
22 the Bennett Mountain Project compare to the Company's
23 estimates noted by the Commission in Order No. 29410?

24 A. The \$7,724,491 of investment in transmission
25 and interconnection facilities associated with the Bennett

1 Mountain Project is well within the \$5.5 million to \$11.6
2 million range estimated by the Company and acknowledged by
3 the Commission in Order No. 29410.

4 Q. Did you request and supervise the preparation
5 of a quantification of the change in the Company's revenue
6 requirement as a result of the addition of the \$50,298,492
7 investment in the Bennett Mountain power plant and the
8 \$7,724,491 investment in transmission and interconnection
9 facilities associated with the Bennett Mountain Project?

10 A. Yes. I requested and supervised the
11 preparation of Exhibit 3 that demonstrates the change in the
12 Company's revenue requirement from the level determined in
13 Order Nos. 29505 and 29547 issued in Case No. IPC-E-03-13.
14 The change in revenue requirement is due solely to the
15 addition of the Bennett Mountain power plant and the
16 transmission and interconnection facilities necessary to
17 integrate the power plant to the Company's system.

18 Q. Please describe Exhibit No. 3.

19 A. Exhibit No. 3 is a two-page exhibit. Page 2
20 of Exhibit No. 3 show the major category detail of changes
21 in the rate base components and net income components
22 associated with the Bennett Mountain Project from levels
23 approved by the Commission in Order Nos. 29505 and 29547.
24 These changes are shown on a system and Idaho jurisdictional
25 basis. All jurisdictional allocations of FERC accounts were

1 fixed such that the addition of the Bennett Mountain Project
2 did not result in a re-allocation of non-Bennett Mountain
3 Project expenses. The Bennett Mountain Plant investment of
4 \$50,298,492 can be seen at line number 48. Interconnection
5 investment associated with the Bennett Mountain Plant can be
6 found on lines 49 through 51.

7 Page 1 of Exhibit No. 3 summarizes the Idaho
8 jurisdictional rate base and net income components and
9 quantifies the revenue deficiency associated with the
10 addition of the Bennett Mountain Project. That revenue
11 deficiency is \$13,482,146, which can be seen at line 40 on
12 page 1 of Exhibit No. 3.

13 Q. Does the \$13,482,146 addition to the
14 Company's revenue requirement include expenses that arise as
15 a result of the addition of the Bennett Mountain Project?

16 A. Yes, changes in expenses for items such as
17 property taxes, property insurance and depreciation expense
18 have been included because these items are a direct cost of
19 the new plant that can be quantified at this time. Expenses
20 such as operating or maintaining the new plant or additional
21 labor cost have been excluded because such expenses are not
22 readily known at this time.

23 Q. Has an adjustment for reduced power supply
24 expenses resulting from the addition of the Bennett Mountain
25 Project been made in the Company's incremental revenue

1 requirement computations?

2 A. No. As noted in Commission Order No. 29410,
3 the Commission intends to track Bennett Mountain Project
4 fuel expenses and related power supply impacts through the
5 PCA process. A reduction in incremental revenue requirement
6 associated with reduced power supply expenses compounded
7 with reduced power supply expenses in PCA computations would
8 result in some doubling of benefits to customers at Company
9 expense. To eliminate the double counting the normalized
10 basis for power supply expenses in PCA computations would
11 need to be updated and the associated PCA regression formula
12 would also need to be updated. It is typical that these PCA
13 foundations are changed during general rate cases. The
14 Company is not recommending any adjustment for power supply
15 expense benefits associated with the Bennett Mountain
16 Project.

17 Q. Recognizing that the Company is not
18 recommending an adjustment to its determination of the
19 incremental revenue requirement associated with the addition
20 of the Bennett Mountain Project, did you request and
21 supervise the quantification of power supply benefits
22 associated with the addition of the Bennett Mountain
23 Project?

24 A. Yes, I requested and supervised the
25 preparation of Exhibit 4 which is a new normalized power

1 supply expense determination using all inputs per Case No.
2 IPC-E-03-13 with the addition of the Bennett Mountain
3 Project. Power supply expenses were reduced by \$508,300.
4 The Idaho jurisdictional portion of this amount is \$478,300.
5 If this normalized reduction of Idaho jurisdictional power
6 supply expenses actually occurs, customers will benefit by
7 90% or \$430,500 through PCA computations. The Company will
8 benefit by the other 10% or \$47,800. If the Commission
9 believes that an adjustment to the additional revenue
10 requirement associated with the Bennett Mountain Project
11 should be made to reflect a normalized benefit not already
12 captured by PCA computations, the appropriate adjustment
13 would be the 10% value, \$47,800.

14 Q. Did you request and supervise the preparation
15 of tariff rates to reflect the incremental increase in the
16 Company's revenue requirement?

17 A. Yes, I requested and supervised the
18 preparation of Exhibit 5, which provides the proposed tariff
19 rates reflecting the incremental increase in the Company's
20 revenue requirement. Pages 1 through 22 of Exhibit 5 are
21 the proposed tariffs and pages 23 through 44 are the
22 proposed tariffs in legislative format to show the changes
23 in tariff components. The changes in rate components
24 represent a uniform percentage adjustment to all classes and
25 a uniform percentage adjustment to the energy and demand

1 charges.

2 Q. What percentage increase in revenue
3 requirement will each of the customer classes see as a
4 result of the incremental change in revenue requirement due
5 to the addition of the Bennett Mountain Project?

6 A. Exhibit 6 was prepared under my supervision
7 to show the percentage change in the revenue requirement of
8 each class. Because of the uniform nature of the Company's
9 proposal, the revenue requirement for each customer class
10 has been increased by approximately 2.6 percent.

11 Q. Does this complete your testimony?

12 A. Yes.