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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 AND CHARGES FOR ELECTRIC )  
SERVICE TO ELECTRIC CUSTOMERS )  
IN THE STATE OF IDAHO )

CASE NO. IPC-E-07-08

IDAHO IRRIGATION PUMPERS

DIRECT TESTIMONY

OF

MARK MICKELSEN

DECEMBER 10, 2007

1 Q. PLEASE STATE YOUR NAME, ADDRESS, EMPLOYMENT, AND  
2 AFFILIATION WITH THE IDAHO IRRIGATION PUMPERS ASSOCIATION, INC.?

3

4 A. My name is Mark Mickelsen, and I am the president of the Idaho Irrigation  
5 Pumpers Association, Inc. ("IIPA"). I principally farm in the Osgood area of Bonneville  
6 County, Idaho and also have some operations in Bingham County, Idaho. My address is  
7 9088 N. River Road, Idaho Falls, Idaho 83402. I currently grow potatoes, wheat, and canola,  
8 and my farming operations in Bingham County are served by Idaho Power Company  
9 ("IPC").

10

11 Q. WHAT CRITICAL ISSUES FACE THE IRRIGATORS WHO RECEIVE  
12 THEIR ELECTRICAL SERVICE FROM IPC?

13

14 A. One of the most critical issues that the irrigators face is getting stuck with  
15 disproportionate rate increases. This result is suggested from IPC's cost of service study and  
16 is apparently the creature of the irrigators' summer use when IPC also has its system peak.  
17 However, IPC admits that growth on its system is the principal driver of its increasing costs  
18 and resulting need for rate increases. However, the irrigators have not been causing this  
19 growth on the IPC system and it is unfair for the irrigators to get saddled with a  
20 disproportionate amount of these non-causally connected system costs.

21 Another important issue to the irrigators is the loss of the BPA credit. The irrigators  
22 effectively got a 4% to 6% rate increase in 2007 due to the loss of the BPA credit. Now, IPC  
23 is seeking a 20% rate increase for the irrigators, which when coupled with the loss of the

1 BPA credit, could result in a 24% to 26% rate increase for the 2008 irrigation season.  
2 Although it is anticipated that the BPA credit may be restored at some point, it is the  
3 prevailing view that IPC customers will receive little or no credit given IPC's average system  
4 costs.

5 Finally, given all the rate pressures, the irrigators need IPC to make its Peak Rewards  
6 Program ("Program") better. The IIPA believes that the Program provides a cost effective  
7 way for IPC to reduce its system peak. Such a reduction in system peak unquestionably  
8 benefits all IPC's customer classes by reducing the need to meet IPC's growing power needs  
9 through more costly market power purchases and/or the building expensive new generation  
10 capacity. However, only less than 10% of the irrigation class currently participates in the  
11 Program as compared to an approximate 20% or more class participation rate in Rocky  
12 Mountain Power's curtailment program. The IIPA believes that more participation under the  
13 Program can be had by (1) increasing the credit amount, (2) relaxing participation  
14 requirements such as minimum pump size, and (3) implementing a dispatchable curtailment  
15 program similar to what has been successfully tested and implemented on Rocky Mountain  
16 Power's Idaho system.

17

18 Q. DO YOU PARTICIPATE IN IPC'S PEAK REWARDS PROGRAM?

19

20 A. No. My Bingham County operations are served by a 50hp irrigation pump.  
21 This pump is below the 75hp threshold required for participation under the Program. If the  
22 participation requirements were relaxed, I would participate in the Program.

23

1 Q. DO YOU BELIEVE THAT THE CREDIT PAID TO THE  
2 IRRIGATORS FOR PARTICPATION IN THE PROGRAM IS SUFFICIENT?

3

4 A. No. IIPA's members are facing increasing prices for all of their  
5 production inputs and must cut production costs in order to stay in business. This  
6 necessitates that the irrigators must seriously look at participating in the Program as a  
7 means of controlling production costs. However, the credit paid to the irrigators must  
8 be drastically higher in order to offset the risks that the irrigators face in participating  
9 in the program or in providing additional curtailment. Only then will participation  
10 levels increase to a reasonable level that is already being found on Rocky Mountain  
11 Power's system.

12 I have also reviewed Rocky Mountain Power's commissioned report entitled  
13 "Assessment of Long-Term, System-Wide Potential for Demand-Side and Other  
14 Supplemental Resources", dated July 11, 2007 ("DSM Report"). The DSM Report  
15 clearly shows that irrigation load control programs are cost effective and provide  
16 Rocky Mountain Power and its customers with much more in benefits than the  
17 associated costs. IPC operates in the same markets as Rocky Mountain Power and  
18 face similar costs such that the conclusions in the DSM Report would also appear to  
19 be relevant in this case. The IIPA's expert will further address the pricing of the  
20 Program's credit in his testimony.

21

22 Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

23

1

A. Yes.