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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-08-10
AND CHARGES FOR ELECTRIC SERVICE.)

IDAHO POWER COMPANY

DIRECT TESTIMONY

OF

CELESTE SCHWENDIMAN

1 Q. Please state your name and business address.

2 A. My name is Celeste Schwendiman. 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 (the
7 "Company") as a Senior Pricing and Regulatory Analyst.

8 Q. Please describe your recent educational
9 background.

10 A. I hold a Master's degree in Business
11 Administration from Northwest Nazarene University. I have
12 also attended the Center for Public Utilities and National
13 Association of Regulatory Utility Commissioners' Practical
14 Skills for a Changing Utility Environment, Current Issues
15 conferences, and the Edison Electric Institute's Electric
16 Advanced Rate Course.

17 Q. Please describe your work experience with
18 Idaho Power Company.

19 A. I became employed by Idaho Power Company as
20 a Research Assistant II in the Pricing & Regulatory
21 Services Department and was promoted to the level of Senior
22 Pricing and Regulatory Analyst. I sponsored testimony in
23 the Company's last four PCA filings, in the Company's last
24 two general rate cases, and in the Company's filing to

1 request recovery of the Telocaset (a.k.a Horizon Wind)
2 power purchase expense.

3 Q. What is the scope of your testimony in this
4 proceeding?

5 A. I am sponsoring testimony in this proceeding
6 on the Idaho Jurisdictional Revenue Requirement resulting
7 from the Jurisdictional Separation Study ("JSS"). My
8 testimony will summarize the adjustments to the total
9 system test year data used by the Company for purposes of
10 restating the Company's rate base, revenues, and expenses
11 for the twelve months ending December 31, 2008.

12 Q. Have you prepared exhibits for this
13 proceeding?

14 A. Yes. I am offering the following exhibits:

15 Exhibit No. 36, Summary of Total Rate Base
16 and Net Income Adjustments;

17 Exhibit No. 37, Summary of Adjustments -
18 Electric Plant in Service;

19 Exhibit No. 38, Summary of Adjustments -
20 Accumulated Provision for Depreciation & Amortization;

21 Exhibit No. 39, Summary of Adjustments -
22 Additions & Deletions to Rate Base;

23 Exhibit No. 40, Summary of Adjustments -
24 Operating Revenues;

1 Exhibit No. 41, Summary of Adjustments -
2 Operation & Maintenance Expenses;

3 Exhibit No. 42, Summary of Adjustments -
4 Depreciation & Amortization Expense;

5 Exhibit No. 43, Summary of Adjustments -
6 Taxes Other than Income Taxes;

7 Exhibit No. 44, Summary of Adjustments -
8 Regulatory Debits and Credits;

9 Exhibit No. 45, Summary of Adjustments -
10 Income Taxes; and

11 Exhibit No. 46, Jurisdictional Separation
12 Study - Idaho Revenue Requirement.

13 Q. Please describe Exhibit No. 36.

14 A. Exhibit No. 36 consists of two pages and is
15 a summary of the development of the adjusted total electric
16 system rate base and the development of net income for the
17 test year (twelve months ending December 31, 2008.)

18 The first set of data, displayed in column three of
19 Exhibit No. 36, are the unadjusted 2007 historical, actual
20 results of operations. The adjustments proposed by the
21 Company for purposes of developing the 2008 adjusted total
22 electric system combined rate base and net income are shown
23 in columns 4 through 14 with the total system adjusted test
24 year rate base, expenses, and revenues summarized in column

1 15. The columns are as follows:

2 1) Column 4, titled: "NORM ADJ" contains
3 the Company's typical test year normalizing adjustments for
4 the 2007 actual results;

5 2) Column 5, titled: "OTHER ADJ" contains
6 regulatory adjustments that should be applied to the 2007
7 actual results prior to applying methods to adjust to 2008
8 levels;

9 3) Column 6, titled: "2007 BASE" is the
10 adjusted base to which the methods (to create a 2008 test
11 year) were applied;

12 4) Columns 7-9, titled: "METHODS OF
13 ADJUSTMENT FROM 2007 BASE TO 2008 BASE," and subtitled: "3-
14 YEAR," "5-YEAR," and "OTHER," contain the various methods
15 from the Methods Manual (sponsored in this case by Ms.
16 Smith) that were used to adjust from the 2007 base to a
17 2008 base. Column 10 includes the resulting dataset once
18 the various methods were applied;

19 5) Column 11, titled: "K&M ADJ" are known
20 and measurable adjustments that will occur in 2008, and
21 column 12 is the result of applying these adjustments; and

22 6) Columns 13 through 15 provide the
23 development of the 2008 test year, starting with the
24 adjusted 2008 as found in Column 12.

1 a) Column 13 includes standard
2 normalizing adjustments;
3 b) Column 14 includes both
4 annualizing and other adjustments; and
5 c) Column 15 is the resulting dataset
6 for the 2008 test year (twelve months ending December 31,
7 2008).

8 The test year values, except as otherwise noted,
9 were provided by Ms. Smith.

10 Page one of Exhibit No. 36 summarizes the
11 development of rate base components for the twelve months
12 ending December 31, 2008. The total combined rate base,
13 based on actual, unadjusted 2007 results was \$1,992,757,816
14 (column 3, line 62). After adjustment, the total combined
15 rate base increases to \$2,265,781,563 (column 15, line 62).

16 Page two of Exhibit No. 36 includes the development
17 of the total system net income for the twelve months ending
18 December 31, 2008. Operating revenues are summarized on
19 line 68. Total operating expenses are summarized on line
20 79.

21 Q. What is the source of the total year 2007
22 rate base, expenses, and revenues found in column three of
23 Exhibit No. 36?

1 A. Total unadjusted 2007 actual results are
2 presented in column three of Exhibit No. 36, and were
3 provided by Ms. Smith.

4 Q. Why have the 2007 actual results for rate
5 base, revenues, and expenses been adjusted?

6 A. The 2007 actual results were adjusted to
7 reflect known changes that will occur during the 2008 test
8 period. Under this proposal, rates will reflect the most
9 current cost information available at the time they become
10 effective.

11 Q. Please explain what types of adjustments
12 were made for the development of the Idaho jurisdictional
13 revenue requirement.

14 A. Four types of adjustments were made for the
15 development of the Idaho jurisdictional revenue
16 requirement. First, normalizing adjustments were made to
17 the Net Power Supply Cost items which are influenced by
18 weather. Normalizing adjustments are shown in columns 4
19 and 13 of Exhibit No. 36.

20 Second, annualizing adjustments were made to reflect
21 changes that occur within the test year, but need to be
22 incorporated for the full year. Annualizing adjustments
23 are shown in column 14 of Exhibit No. 36.

1 Third, other types of adjustments, such as those
2 resulting from past Commission Orders, were used in
3 developing the test year. These types of adjustments are
4 shown in column five of Exhibit No. 36.

5 Fourth, adjustments to derive a 2008 test year,
6 based on 2007 data, were applied using the methodologies
7 described by Ms. Smith in her testimony. These adjustments
8 are presented in columns 7 through 12 of Exhibit No. 36.

9 Q. Please discuss the normalizing adjustments
10 to the rate base components summarized in Exhibit No. 36,
11 pages one and two, columns 4 and 13.

12 A. The normalizing adjustments that were
13 applied to the rate base fuel inventory, to reflect
14 normalized operating criteria, resulting in required coal
15 inventories at Bridger, Valmy, and Boardman were: (1) a
16 decrease of \$1,652,153 for 2007 and (2) an additional
17 decrease of \$1,017,979 for 2008. Mr. Said provided these
18 adjustments.

19 Q. Please discuss the annualizing adjustments
20 to the rate base components summarized in Exhibit No. 36,
21 page one, column 14.

22 A. An annualizing adjustment of \$31,763,726 was
23 made to represent a full year of costs for production plant
24 investment made during the test year period. Projects

1 which were greater than two million dollars and are
2 expected to be on line and serving customers before the end
3 of 2008, were treated as if they had been in place for the
4 entire year. This adjustment is shown on line 48. Similar
5 annualizing adjustments were made for transmission projects
6 (\$42,627,160 as shown on line 49) for distribution
7 (\$11,842,623 as shown on line 50) and for general plant
8 projects (\$5,033,774 as shown on line 51). The total
9 annualizing adjustment for the 2008 investment is
10 \$91,267,283 as shown on line 52.

11 An adjustment of negative \$180,628 was made to
12 accumulated provision for depreciation to capture the rate
13 base impact of the annualized adjustment to depreciation
14 expense, and an adjustment of \$408,032 for the accumulated
15 amortization, annualized to the end of 2008. Ms. Smith
16 provided these adjustments.

17 Q. Have you included any other adjustments to
18 rate base?

19 A. Yes. The additional adjustments to rate
20 base shown in Exhibit No. 36, page one, column five are:
21 (1) a reduction of \$1,724,177 to remove all but \$1,641,351
22 of plant held for future use, (2) a reduction of \$9,119,906
23 to remove the pre-paid items that are not traditionally
24 included in test year rate base, and (3) a reduction of

1 \$85,531 to subsidiary rate base associated with an
2 investment at the Company's Bridger plant. These
3 adjustments were provided by Ms. Smith.

4 Q. Please describe page two of Exhibit No. 36.

5 A. Page two of Exhibit No. 36 shows the
6 development of the adjusted total electric system net
7 income for the twelve months ending December 31, 2008.

8 Q. Please describe the Company's normalizing
9 adjustments to the net income components shown in page two,
10 columns 4 and 13, of Exhibit No. 36.

11 A. The normalizing adjustments in columns 4 and
12 13 were adjustments to both revenues and expenses to remove
13 the impact of weather and temporary rate adjustments.

14 The first is an adjustment of negative \$45,271,567
15 (line 66) for 2007 and negative \$31,175,830 for 2008 to the
16 Company's system opportunity sales revenue. Revenues were
17 also adjusted to reflect the decreased level of opportunity
18 sales associated with the multiple historical water
19 conditions. The second adjustment is a reduction of
20 \$43,973,647 for 2007 and an additional reduction of
21 \$11,496,718 for 2008 to operation and maintenance expense
22 to reflect a net decrease in fuel and purchase power
23 expense associated with multiple historical water
24 conditions as well as an increase in Qualifying Facilities

1 ("QF" under PURPA contract) expense. These adjustments
2 were provided by Mr. Said. An adjustment of \$579,982 was
3 made to reflect the 2008 kWh tax based on normalized power
4 supply. This adjustment was provided by the Company's tax
5 department.

6 Q. Please describe the other adjustments to the
7 statement of income on page two, columns 5 and 14, of
8 Exhibit No. 36.

9 A. Three other adjustments were made, as shown
10 on page two, columns 5 and 14, of Exhibit No. 36. Those
11 are: (1) an adjustment of \$1,075,535 to remove non-
12 recurring 2007 refund revenues, (2) an adjustment to 2007
13 expenses of negative \$10,799,815, which is \$2,688,275
14 (revenues from Account 415) plus negative \$13,487,460
15 (removal of energy efficiency rider revenues), and (3) an
16 adjustment to 2008 revenues in the amount of negative
17 \$113,778, which reflects the transmission contracts with
18 updated Open Access Transmission Tariff ("OATT") rates.
19 These adjustments were provided by Ms. Smith.

20 Q. Were there any other adjustments made to the
21 operating expenses of the Company?

22 A. Yes. There are several adjustments included
23 in column 14 of Exhibit No. 36 that were provided by and
24 are discussed in detail in the testimony of Ms. Smith.

1 Q. Please describe Exhibit No. 37.

2 A. Exhibit No. 37 consists of two pages and
3 provides detail of the adjustments, by FERC account, to the
4 Company's electric plant in service used in this
5 proceeding.

6 Q. Please describe Exhibit No. 38.

7 A. Exhibit No. 38 consists of two pages and
8 provides detail of the accumulated provision for
9 depreciation and amortization reserve.

10 Q. Please describe Exhibit No. 39.

11 A. Exhibit No. 39 consists of two pages and
12 provides detail of other additions to or deductions from
13 the Company's total combined rate base.

14 Q. Please describe Exhibit No. 40.

15 A. Exhibit No. 40 is a summary, by FERC
16 account, of the Company's operating revenues for the test
17 period used in this proceeding.

18 Q. Please describe Exhibit No. 41.

19 A. Exhibit No. 41 consists of six pages
20 detailing unadjusted and adjusted test year operation and
21 maintenance expenses for the twelve months ending December
22 31, 2008.

23 Q. Please describe Exhibit No. 42.

1 A. Exhibit No. 42 consists of two pages and
2 provides greater detailed information by FERC account of
3 depreciation and amortization expenses used in this
4 proceeding.

5 Q. Please describe Exhibit No. 43.

6 A. Exhibit No. 43 provides detailed information
7 regarding taxes other than income taxes and revenue credits
8 and debits used in this proceeding.

9 Q. Please describe Exhibit No. 44.

10 A. Exhibit No. 44 is a one-page exhibit
11 covering regulatory debits and credits.

12 Q. Please describe Exhibit No. 45.

13 A. Exhibit No. 45 includes a detailed summary
14 of the income tax related adjustments that result in the
15 adjusted tax expenses. The Company's tax department
16 provided these adjustments.

17 Q. Have you prepared an exhibit that sets forth
18 the Idaho jurisdictional revenue deficiency?

19 A. Yes. I have prepared Exhibit No. 46 titled
20 "Jurisdictional Revenue Requirement" consisting of 36
21 pages.

22 Q. Please describe Exhibit No. 46.

23 A. Exhibit No. 46 is the complete JSS detailing
24 allocation of each component of rate base, operating

1 revenues, and expenses by FERC account resulting in the
2 Idaho jurisdictional revenue deficiency. The JSS is
3 organized as follows:

4 Summary of Results

5 Table 1 - Electric Plant in Service;

6 Table 2 - Accumulated Provision for

7 Depreciation (and Amortization);

8 Table 3 - Additions & Deletions to Rate

9 Base;

10 Table 4 - Operating Revenues;

11 Table 5 - Operation & Maintenance Expenses;

12 Table 6 - Depreciation & Amortization

13 Expense;

14 Table 7 - Taxes Other Than Income Taxes;

15 Table 8 - Regulatory Debits & Credits;

16 Table 9 - Income Taxes;

17 Table 10 - Calculation of Federal Income

18 Tax;

19 Table 11 - State Income Tax - Oregon;

20 Table 12 - State Income Tax - Idaho and

21 Other;

22 Table 13 - Development of Labor Related

23 Allocator;

24 Table 14 - Allocation Factors;

1 Table 15 - Distribution Jurisdictional
2 Allocation; and

3 Table 16 - Allocation Factors-Ratios.

4 Q. Please discuss the methodology used to
5 jurisdictionally separate costs in the preparation of this
6 study.

7 A. A three-step process was used to separate
8 costs among jurisdictions. The three steps are
9 classification, functionalization, and allocation of costs.
10 In all three steps, recognition was given to the way in
11 which costs are incurred by relating these costs to utility
12 operations. The methodology used to separate costs by
13 jurisdiction and calculate the Idaho jurisdictional revenue
14 requirement in the present case is the same methodology
15 accepted by the Idaho Public Utilities Commission in
16 previous rate cases.

17 Q. Would you please briefly explain the meaning
18 of classification, functionalization, and allocation?

19 A. Classification groups costs into three
20 categories: demand-related, energy-related, and customer-
21 related. In addition to classification, costs are
22 functionalized; that is, costs are identified with utility
23 operating functions such as generation, transmission, and
24 distribution. Individual plant items are examined and,

1 where possible, the associated investment costs are
2 assigned to one or more operating functions. Once the
3 Company's total system costs are classified and assigned to
4 the appropriate function, they may be allocated among
5 jurisdictions.

6 The process of allocation is one of apportioning the
7 total system cost among jurisdictions by introducing
8 allocation factors into the process. An allocation factor
9 is an array of numbers which specifies the jurisdictional
10 value as a share or percent of the total system quantity.
11 For example, in the case of energy-related costs, the
12 allocation factor is annual jurisdictional energy use,
13 adjusted for losses, divided by the total system energy
14 use.

15 Once individual accounts have been allocated to the
16 various jurisdictions, it is possible to summarize these
17 into total utility rate base and net income by
18 jurisdiction. The results are stated in a summary form to
19 measure adequacy of revenues for the jurisdiction under
20 consideration. The measure of adequacy is typically the
21 rate of return earned on rate base, which is compared to
22 the requested rate of return.

23 Q. How have the various functional plant and
24 cost items been allocated?

1 A. The average of the twelve monthly coincident
2 peak demands was used to allocate the demand-related costs.
3 This allocation method has been used by the Company for the
4 past two decades in all of its filings requiring a
5 jurisdictional separation study. This allocation method
6 was adopted by this Commission and accepted by the Oregon
7 Public Utility Commission and by the Federal Energy
8 Regulatory Commission. The demand-related allocation
9 factors used in the study are designated as D10, D11, and
10 D60. The respective values used in these demand allocation
11 factors are shown at line numbers 976 through 979 of
12 Exhibit No. 46.

13 Q. What method was used to allocate general
14 plant and certain labor-related administrative and general
15 expenses?

16 A. In accordance with FERC approved procedures,
17 general plant and administrative and general expenses were
18 allocated in accordance with functionalized wages and
19 salaries. These labor-related allocation factors are shown
20 on lines 777 through 972 of Exhibit No. 46.

21 Q. How were the energy-related expenses
22 allocated among jurisdictions?

23 A. Energy-related expenses were allocated based
24 on normalized jurisdictional kilowatthour sales and

1 adjusted for losses to establish energy requirements at the
2 generation level. The energy-related allocation factors
3 used in the study are designated as E10 and E99. The
4 respective values used in these energy allocation factors
5 are shown on lines 981 and 983 of Exhibit No. 46.

6 Q. What was the method by which you allocated
7 customer-related costs?

8 A. The principal customer-related expenses,
9 which required allocation, were meter reading (FERC Account
10 902), customer accounting, and billing (FERC Account 903).
11 These accounts were allocated based upon a review of actual
12 Company practice of reading meters and preparing monthly
13 bills or statements.

14 Q. Please describe the derivation of the 2008
15 total system allocation factors used in this case.

16 A. The allocation factors in the 2008
17 Jurisdictional Separation Study were based on either the
18 2007 year-end data or 2008 assumptions. The capacity or
19 demand-related allocation factors (D10, D11, and D60) were
20 created using the 5-year median demand ratios from the load
21 research sample applied to the 2008 test year energy. The
22 energy-related allocation factors were the 2008 test year
23 load at generation level (E10) and at customer level (E99).

1 Q. Briefly describe the manner in which you
2 allocated electric plant in service as shown in Table 1 of
3 Exhibit No. 46.

4 A. Production plant was allocated to all
5 jurisdictions based on the average of the twelve monthly
6 coincident peaks. The allocation of transmission and
7 distribution plant was based on the same methodology.

8 Q. Would you describe the functional categories
9 used for allocation and direct assignment of transmission
10 plant and distribution substations?

11 A. Transmission facilities are the facilities
12 that form the bulk of the power transmission system
13 together with transmission, step-up substation facilities
14 required to introduce the Company's generation into the
15 power supply system and include facilities rated at 500 kV
16 through 46 kV. Distribution facilities refer to lower
17 voltage lines and the substation facilities that provide
18 localized service. Some transmission and distribution
19 facilities were directly assigned to the customers who paid
20 for the exclusive use of those facilities.

21 Q. How have you allocated the accumulated
22 provision for depreciation and amortization of other
23 utility plant?

1 A. Accumulated provision for depreciation was
2 allocated among jurisdictions as shown on Table 2 of
3 Exhibit No. 46. The accumulated totals for each type of
4 production plant and for each primary plant account in
5 other functional groups were allocated based on the related
6 plant account as allocated in Table 1. Amortization of
7 other utility plant was functionalized and then allocated
8 based on the related plant items as allocated in Table 1.

9 Q. Please describe Table 3 of Exhibit No. 46.

10 A. Table 3 details the allocation of all other
11 additions to or deductions from rate base. Deductions from
12 rate base include customer advances for construction that
13 were directly assigned to the customers by jurisdiction,
14 and the accumulated deferred income taxes that were
15 allocated by plant. Additions to rate base include: (1)
16 materials and supplies which were functionalized and
17 allocated by the respective plant allocators, (2) fuel
18 inventory that was allocated on the basis of energy, (3)
19 components of IERCO, the Company's fuel subsidiary, which
20 were allocated based on energy, and (4) deferred investment
21 in Idaho conservation programs which was directly assigned
22 to the Idaho jurisdiction.

23 All rate base items, with the exception of
24 accumulated deferred income taxes and the investment in

1 conservation programs, reflect the average of ending
2 balances.

3 Q. Please describe Table 4 of Exhibit No. 46.

4 A. Table 4 contains the adjusted firm operating
5 revenues for each jurisdiction for the test year (twelve
6 months ending December 31, 2008). Opportunity sales are
7 non-firm energy sales to other utilities, which were
8 credited to each jurisdiction in proportion to generation-
9 level energy use.

10 Other operating revenues were either allocated among
11 jurisdictions in a manner that offset related allocations
12 of rate base or, where a particular revenue item could be
13 associated with a specific jurisdiction, directly assigned.

14 Q. Briefly describe the methods by which
15 operation and maintenance expenses were allocated.

16 A. The allocation of each operation and
17 maintenance expense is detailed on Table 5 of Exhibit No.
18 46. In general, the basis for each allocation is
19 identifiable with the source code listed on Exhibit No. 46.
20 Demands are identified by a source code beginning with a
21 "D" prefix, energy use is identified by a source code
22 beginning with an "E" prefix, related plant is identified
23 by a line number source code, and customer-weighted
24 allocation factors begin with a "CW" prefix.

1 Q. In what manner are supervision and
2 engineering expenses treated throughout the allocation of
3 operation and maintenance expenses?

4 A. For the applicable expense account in each
5 functional group, the labor component was separately
6 allocated in accordance with the detail provided on Table
7 13 of Exhibit No. 46. The total of allocated labor in each
8 functional group became the basis for the allocation of
9 supervision and engineering expense. Total allocated labor
10 expense served the additional purpose of allocating
11 employee pension and other labor-related taxes and
12 expenses. Table 13 of Exhibit No. 46 details the
13 development of all the labor-related allocation factors
14 used in this study.

15 Q. Please describe Table 6 of Exhibit No. 46.

16 A. The allocation of depreciation expense and
17 amortization of limited term plant is set forth on Table 6.
18 These expenses were identified by type of production plant
19 or by primary plant account for other functional plant
20 groups and allocated consistent with the related plant
21 account.

22 Q. Please describe Table 7 of Exhibit No. 46
23 and the allocation of taxes other than income taxes.

1 A. Taxes other than income taxes were treated
2 individually and allocated in a manner consistent with the
3 bases by which the respective taxes are assessed.

4 Q. Please describe Table 8 of Exhibit No. 46.

5 A. Table 8 of Exhibit No. 46 lists the
6 regulatory debits and credits for amortization of
7 professional fees. No amounts were included in the 2008
8 test year.

9 Q. Please describe Table 9 of Exhibit No. 46.

10 A. The expenses shown on Table 9 consist of
11 deferred income taxes and the investment tax credit
12 adjustment and were functionalized and allocated based on
13 total allocated plant. State and Federal income tax
14 liabilities are also summarized on Table 9. The income
15 taxes shown on Tables 10 through 12 were obtained from the
16 Company's tax department.

17 Q. Please describe how you allocated federal
18 and state income taxes shown on Tables 10 through 12 of
19 Exhibit No. 46.

20 A. The respective tax bases were developed, and
21 taxes were calculated directly for each jurisdiction.
22 Operating income before taxes represents adjusted operating
23 revenues less all adjusted operating expenses treated
24 heretofore with the exception of deferred income taxes and

1 investment tax credits. Adjusted long-term and other
2 interest expenses were allocated by total plant to develop
3 net operating income before taxes. From that point
4 forward, additions to or deductions from the respective tax
5 bases were allocated to each jurisdiction by net income
6 before taxes. In this manner, taxable income for each
7 jurisdiction was developed and the appropriate tax rate was
8 applied. Final tax amounts result after the allocation of
9 adjustments and tax credits. All details relating to the
10 calculation of Federal, Oregon, Idaho, and other state
11 income taxes are found on Tables 10, 11, and 12.

12 Q. Please describe Tables 13 through 16 of
13 Exhibit No. 46.

14 A. Tables 13 through 16 of Exhibit No. 46 list
15 the principal allocation factors used in the study and the
16 respective jurisdictional values for each allocation
17 factor. Table 16 lists the ratios of the principal
18 allocation factors included in Table 14.

19 Q. Please describe the development of the Idaho
20 Jurisdictional revenue deficiency.

21 A. The summary of results is presented on pages
22 one and two of Exhibit No. 46. The development of the
23 Idaho jurisdictional revenue deficiency is presented in the
24 column entitled "Idaho Retail" on page one of Exhibit No.

1 46. The Idaho net income of \$145,689,752 (line 26)
2 resulted in a return on rate base of 6.96 percent (line
3 27). Based upon the Company's request for an overall rate
4 of return of 8.55 percent provided by Mr. Steven Keen, the
5 Company's Idaho jurisdictional net income should be
6 \$178,985,602, as shown on line 32. The resulting earnings
7 deficiency is \$33,295,851, as shown on line 33.

8 Q. Have any changes been made to the summary of
9 results for this case?

10 A. Yes, I have adjusted the earnings deficiency
11 upward by \$7,636,142 to reflect the Construction Work in
12 Progress ("CWIP") recovery proposal as sponsored by Ms.
13 Miller in this case. The resulting net earnings deficiency
14 with the CWIP addition is \$40,553,158 for the Idaho
15 Jurisdiction.

16 Q. What net-to-gross or incremental income tax
17 factor did you use in developing the Idaho jurisdictional
18 revenue deficiency?

19 A. The composite incremental tax multiplier of
20 1.642 is the assimilation of the Federal effective tax
21 rate, an Idaho composite tax rate, an Oregon composite tax
22 rate, and an additional state composite tax rate. This
23 value, as shown on line 37 of Exhibit No. 46, was provided
24 by the Company's tax department.

1 Q. What is the resulting Idaho jurisdictional
2 revenue deficiency?

3 A. The result of the Jurisdictional Separation
4 Study, as shown on page one, line 38 of Exhibit No. 46,
5 indicates a total revenue deficiency of \$66,588,286 for the
6 Idaho retail jurisdiction. This represents a required 9.89
7 percent increase in normalized Idaho jurisdictional
8 revenues.

9 Q. Does this conclude your testimony?

10 A. Yes, it does.