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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 MODIFY ITS RULE H)
TARIFF RELATED TO NEW SERVICE) CASE NO. IPC-E-08-22
ATTACHMENTS AND DISTRIBUTION LINE)
INSTALLATIONS OR ALTERATIONS)

IDAHO POWER COMPANY

DIRECT TESTIMONY

OF

SCOTT D. SPARKS

1 Q. Please state your name and business address.

2 A. My name is Scott D. Sparks 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 a
7 Senior Pricing Analyst in the Pricing and Regulatory
8 Services Department.

9 Q. Please describe your educational background.

10 A. In May of 1989, I received a Bachelor of
11 Business Administration degree in Business Management from
12 Boise State University.

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

15 A. I became employed by Idaho Power Company in
16 1985 as a part-time mail clerk and have held positions as
17 Meter Reader, Customer Service Representative, Economic
18 Analyst, Human Resource/Compensation Analyst, Pricing and
19 Regulatory Services Analyst, and Resource Planning Analyst.
20 I recently rejoined the Company in June 2008 after owning
21 and operating a property improvement limited liability
22 company for four years.

23 In January of 1991, after two years in the Customer
24 Service Department, I was offered and I accepted a position

1 in the Company's Energy Services Department. My
2 responsibilities over six years in the department varied
3 from conservation program evaluation, special studies, and
4 load forecasting and research. In 1995, I was asked to
5 temporarily transfer to the Human Resources Department to
6 assist with implementation of the Company's reorganization,
7 benefit, and compensation plans.

8 In 1998, I applied for and accepted a position in
9 the Pricing and Regulatory Services Department where I was
10 responsible for reviving the Company's resource planning
11 and integrated resource planning processes. As part of
12 reorganization, I was reassigned to the Power Supply
13 Planning Department in 2001 where I acted as the lead
14 analyst for the Integrated Resource Plan. In July 2003, I
15 left the Company to pursue self-employment in the real
16 estate and construction sectors. I returned to the Company
17 as a Senior Pricing Analyst in the Pricing and Regulatory
18 Services Department in June 2008.

19 Q. Upon rehire, what duties were you assigned?

20 A. My primary duty upon rehire was to examine
21 and propose revisions to the Company's Rule H tariff
22 dealing with New Service Attachments and Distribution Line
23 Installations or Alterations.

1 Q. What were the primary areas of Rule H that
2 Mr. Said asked you to address?

3 A. I was asked to review and propose revisions
4 to the layout and general wording of the tariff in an
5 effort to streamline it and make it easier to read and
6 administer. I was also asked to update all charges and
7 credits in an effort to shift more of the costs for service
8 attachments and line installations from the Company's base
9 rates to those customers requesting services under Rule H.

10 Q. How did you go about developing an
11 understanding of the provisions and utilization of Rule H?

12 A. To better understand the provisions and
13 utilization of Rule H, I conducted eight meetings with
14 Company Distribution Designers throughout the Company's
15 service territory and consulted with other Company
16 personnel that have been directly involved with
17 administering the tariff. I have also been responsible for
18 managing the resolution of several customer inquiries
19 submitted to the Commission regarding Rule H and its
20 application.

21 Q. When was the last time Idaho Power made
22 major revisions to Rule H?

23 A. The Company last recommended major revisions
24 to Rule H in 1995, Case No. IPC-E-95-18. In February 1997,

1 the Commission issued Order No. 26780 implementing
2 revisions to the tariff relating to cost estimates,
3 charges, allowances, refunds, and other miscellaneous
4 provisions.

5 Q. Have there been any updates since that time?

6 A. Yes. The Company has filed several Advice
7 Letters since Order No. 26780 to update various sections
8 related to allowances, refunds, Company betterment, and
9 engineering fees. In June 2008, the Company received Order
10 No. 30558 in Case No. IPC-E-08-02 approving new charges for
11 underground service attachments.

12 Q. Please describe the formatting changes that
13 are being recommended.

14 A. The recommended formatting changes include
15 general line spacing and indentation modifications to make
16 the tariff easier to read and administer.

17 Q. Please describe the recommended layout of
18 sections within the tariff.

19 A. The layout of sections was rearranged to
20 better match how costs are computed for customers. Line
21 Installation and Service Attachment Charges are broken out
22 into separate sections followed by Vested Interest Charges
23 and Other Charges. A section for Line Installation and
24 Service Attachment Allowances is then followed by Refunds,

1 Local Improvement Districts, Relocations in Public Road
2 Rights-of-Way, and Existing Agreements.

3 Q. Please describe changes to the Definitions
4 section of Rule H.

5 A. Several definitions were added to clarify
6 discrepancies and identify pertinent terms missing from the
7 existing tariff. For example, a definition for Alteration
8 was added to describe requests for changes in distribution
9 facilities related to relocations, upgrades, conversions,
10 and/or removals. This definition clarifies that these
11 requests for services are treated the same within the
12 provisions of Rule H. Other new definitions include:
13 Conversion, Cost Quote, Point of Delivery, Service
14 Attachment, Standard Terminal Facilities, and Upgrade. The
15 Work Order Cost definition was updated to remove the 1.5
16 percent limitation for recovery of general overheads. The
17 Company instead proposes to recover actual general
18 overheads related to construction under Rule H.

19 Q. What is the most current general overhead
20 rate for construction under Rule H?

21 A. The Company's current general overhead rate
22 is 15.75 percent for new construction.

23 Q. Why is there such a large increase in the
24 general overhead rate?

1 A. As explained to me by Mr. Said, in Case No.
2 IPC-E-95-18, the Commission decreased the general overhead
3 rate to account for charging engineering fees separately.
4 In turn, the Commission capped the collection rate for
5 general overheads at 1.5 percent.

6 Q. Are engineering fees included in the
7 proposed collection rate for general overheads?

8 A. No. Engineering fees are currently charged
9 directly to work orders and are not included in the
10 Company's calculation of general overheads.

11 Q. What costs are included in general
12 overheads?

13 A. General overheads include costs for
14 construction training, safety meetings, time spent by
15 Company managers supervising construction, and other labor
16 and expenses associated with managing construction.

17 Q. Please explain changes to the General
18 Provisions section of Rule H.

19 A. Changes to the General Provisions section
20 include adding "easements" to the description of Rights-of-
21 Way to better describe the Company's most common means of
22 gaining passage across customers' property. "Proof of
23 ownership" was added to the Property Specifications
24 description to identify land ownership prior to the Company

1 acquiring rights-of-way or easements. The word
2 "Alteration" replaced "Relocation" in both the Conditions
3 for Start of Construction and Interest on Payment
4 descriptions.

5 Q. Please explain the charges being updated in
6 Rule H.

7 A. All charges were updated to reflect current
8 labor rates. Engineering Charges were updated from \$50 to
9 \$58 per hour to account for increases in Distribution
10 Designer wages. Overhead Temporary Service Attachment
11 Charges increased from \$120 to \$182, Underground Temporary
12 Service Attachment Charges decreased from \$140 to \$41 due
13 to a change in the calculation methodology, Temporary
14 Service Return Trip Charges increased from \$35 to \$41, and
15 the Underground Service Return Trip Charge increased from
16 \$50 to \$68. The charges and methodologies for calculating
17 Line Installations and overhead Service Attachments did not
18 change. Underground Service Attachment Charges were
19 updated using the same methodology used in Case No. IPC-E-
20 08-02.

21 Q. Please explain the changes to Company-funded
22 Allowances and describe the rationale for making the
23 changes.

1 A. The calculation used to determine Company-
2 funded allowances was modified to reflect costs associated
3 with providing and installing Standard Terminal Facilities.
4 Standard Terminal Facilities are the overhead terminal
5 facilities the Company considers to be most commonly
6 installed for overhead single phase and three phase
7 services. The Company is proposing to provide one
8 allowance each for single phase or three phase service as
9 credit toward terminal facilities and/or line
10 installations.

11 Company-funded allowances were modified to help
12 shift costs from rate base and to more equitably provide
13 credits to customers requesting new line installations and
14 service attachments. The proposed allowances are applied
15 equally to customers regardless of their specific sizing
16 requirements rather than paying the full cost of terminal
17 facilities regardless of sizing.

18 Q. Please define Standard Terminal Facilities.

19 A. For single phase line installations and
20 service attachments, Standard Terminal Facilities include
21 the cost associated with providing and installing one
22 overhead service conductor and one 25 kVA transformer to
23 serve a 200 amperage meter base (\$1,780). Three phase line
24 installation and service attachment costs are calculated

1 based on the cost of providing and installing one overhead
2 service conductor and three 15 kVA transformers to serve a
3 200 amperage meter base (\$3,803). These costs are further
4 detailed in my workpapers.

5 Q. How are allowances determined inside
6 residential and non-residential subdivisions and multiple
7 occupancy projects under the Company's proposal?

8 A. Developers of subdivisions and multiple
9 occupancy projects will receive a \$1,780 allowance for each
10 single phase transformer installed within a development and
11 a \$3,803 allowance for each three phase transformer
12 installed within a development.

13 Q. Please explain the changes to Vested
14 Interest Refunds and describe the rationale for making the
15 changes.

16 A. The Company does not propose that the
17 methodology and calculation of Vested Interest Refunds be
18 changed but does propose that the time limitation to
19 receive vested interest refunds be reduced from five years
20 to four years in an effort to reduce the administrative
21 burden on the Company. It has been determined that most
22 refunds are provided during the first four years and less
23 than two percent of customers eligible for Vested Interest
24 Refunds receive them in the fifth year.

1 Q. Please explain the changes to Subdivision
2 Refunds and describe the rationale for making the changes.

3 A. The Company proposes that subdivision lot
4 refunds be discontinued in an effort to shift a greater
5 portion of the cost for facilities installed inside
6 subdivisions from the general rate base to those customers
7 requesting new facilities.

8 Q. Are any refunds available inside
9 subdivisions?

10 A. Yes. Applicants will be eligible for Vested
11 Interest Refunds for facilities installed inside
12 subdivisions if the construction was NOT part of the
13 initial Line Installation. This allows new applicants
14 within subdivisions the opportunity to recover a portion of
15 their cost to construct new line installations and attach
16 to the Company's distribution system.

17 Q. Please explain the purpose of the new
18 section addressing public roadway relocations.

19 A. The purpose of the new section addressing
20 relocations in public road rights-of-way is to ensure that
21 a consistent and defined funding methodology is adhered to
22 when the Company is required to relocate distribution
23 facilities at the request of a public roadway owner. The
24 new language clearly defines when the Company is required

1 to relocate facilities and the amount of the relocation
2 costs the Company is required to fund under Idaho Code
3 § 62-705.

4 Q. Please explain any other changes and
5 describe the rationale for making the changes.

6 A. The section describing Line Installation
7 Agreements was deleted because the agreements are no longer
8 needed. The word "Alteration" replaced "Conversion" in the
9 Local Improvement Districts section to include relocations,
10 upgrades, conversions, and removals per definition. The
11 section describing Existing Agreements was moved to the
12 last section to improve the layout of the tariff.

13 Q. Does the Company have a proposal that will
14 keep charges and credits current under Rule H?

15 A. Yes. The Company plans to update all
16 charges and allowances annually on March 1 using the
17 methodologies approved as a result of this Application.

18 Q. Please explain why the Company is requesting
19 an effective date 120 days after receiving an Order
20 approving modifications to Rule H.

21 A. The Company has determined that an
22 implementation period of 120 days is needed to update and
23 test computer information systems, train employees, and
24 update internal documents related to the administration of

1 approved Rule H provisions.

2 Q. Does this conclude your testimony?

3 A. Yes.