

1 **Q. Does Idaho Power's ownership and management of electrical equipment on**
2 **plants owned by J.R. Simplot Company concern you from a liability perspective?**

3 **A. Absolutely. The safe and reliable operation of the facility could easily be**
4 **impacted by the interruption of power and the liabilities that go along with that loss.**

5 **Q. Do you think it is fair for Idaho Power to continue charging the facilities**
6 **charge rate for Idaho Power's initial investment made an average of 24 years ago?**

7 **A. No.**

8 **Q. Idaho Power has offered a reduction in the annual facilities charge from**
9 **20.4% of the initial investment to 17.00%. Please explain your thoughts on that.**

10 **A. For the Don Plant, we have paid for this equipment many times already. Simply**
11 **providing a small reduction in the rate is not fair.**

12 **Q. When you were responsible for the Don Plant operations, what was your**
13 **understanding of the options provided by Idaho Power's facilities charge for the customer**
14 **to stop paying the charge?**

15 **A. I believed that there were no options and that we were required to pay the**
16 **facilities charge.**

17 **Q. What is your current understanding of Simplot's options regarding the facilities**
18 **charges?**

19 **A. We currently do not have any option other than to require Idaho Power to remove**
20 **their facilities and replace their system with our own. However, as I understand it, we must pay**
21 **Idaho Power for the remaining book value, plus the cost to remove the facilities, minus a credit**

1 for the salvage value of the equipment, if any. This would be a substantial cost and would not
2 be a financially responsible alternative.

3 **Q. Do you consider it fair for Idaho Power to refuse to sell the equipment to you**
4 **at a fairly negotiated value?**

5 **A. No.**

6 **Q. If you had the choice, how would you propose Idaho Power address the**
7 **problems you see with its facilities charge?**

8 **A. We have paid for our current facilities-charge equipment more than three times**
9 **already at the Don Plant. I believe that Idaho Power has already recovered its initial costs and**
10 **any authorized rate of return several times over. At this point, it would only be fair to simply**
11 **turn ownership of these facilities over to J.R. Simplot Company.**

12 **In addition, I believe it is imperative that the Commission seriously reform the facilities**
13 **charge structure and stop this unfair business practice. I fully support the recommendations**
14 **contained in the direct testimony of Dr. Don Reading, which would make the monthly charge**
15 **fair for those customers who wish to pay it and would provide reasonable mechanisms by which**
16 **customers may take over ownership of equipment on their own property.**

17 **Q. Does this conclude your testimony?**

18 **A. Yes.**

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on the 7th day of October, 2011, a true and correct copy of the within and foregoing TESTIMONY OF DON READING, DON STURDEVANT AND DELL BUTLER ON BEHALF OF THE INDUSTRIAL CUSTOMERS OF IDAHO POWER IN CASE NO. IPC-E-11-08 was served in the manner shown to:

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