

SNAKE RIVER



HYDRO POWER

IDAHO POWER COMPANY

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November 7, 1990

IDAHO PUBLIC
UTILITIES COMMISSION

R. Walters

Mrs. Myrna J. Walters
Secretary
Idaho Public Utilities Commission
Statehouse
Boise, Idaho 83720

Re: Swan Falls Testimony
Case No. IPC-E-90-2

Dear Mrs. Walters:

Please find enclosed for filing an original and seven (7) copies of the Direct Testimony of James L. Baggs and Direct Testimony and exhibits of Jan B. Packwood.

If you have any questions, please feel free to call me.

Sincerely,

Larry Ripley ^{MB}

Larry D. Ripley
Attorney

LDR:mmb

Enclosures

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IDAHO PUBLIC UTILITIES COMMISSION

EVANS, KEANE, KOONTZ, BOYD, SIMKO & RIPLEY
c/o Idaho Power Company
1220 W. Idaho Street
P. O. Box 70
Boise, Idaho 83707
(208) 383-2674

STEVEN L. HERNDON
IDAHO POWER COMPANY
1220 W. Idaho Street
P. O. Box 70
Boise, ID 83707
(208) 383-2918

Attorneys for Idaho Power Company

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION OF)
IDAHO POWER COMPANY FOR AUTHORITY)
TO RATE BASE THE INVESTMENT REQUIRED)
FOR THE REBUILD OF THE SWAN FALLS)
HYDROELECTRIC FACILITY)

CASE NO. IPC-E-90-2
CERTIFICATE OF MAILING

I HEREBY CERTIFY that on this 9th day of November, 1990, I mailed a true and correct copy of the within and foregoing DIRECT TESTIMONY OF JAMES L. BAGGS and DIRECT TESTIMONY AND EXHIBITS OF JAN B. PACKWOOD, postage prepaid and addressed as follows:

James N. Roethe
Pillsbury Madison & Sutro
P.O. Box 7880
San Francisco, CA 94120

Harold C. Miles
Energy & Natural Resources
Committee
316 Fifteenth Ave. South
Nampa, ID 83651

Grant E. Tanner
DAVIS WRIGHT TREMAINE
2300 First Interstate Bank Tower
1300 S.W. Fifth Avenue
Portland, OR 97201

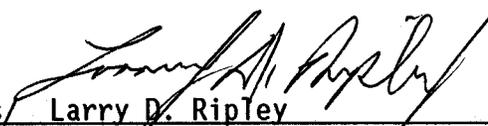
and service by hand delivery was made upon the following on this 9th day of
November, 1990:

Peter J. Richardson
DAVIS WRIGHT TREMAINE
Jefferson Place, Suite 400
350 N. Ninth
Boise, ID 83702

Michael S. Gilmore
Assistant Attorney General
Statehouse Mail
Boise, ID 83720-0001

Afton Energy, Inc.
c/o Owen H. Orndorff
Orndorff & Peterson
1087 W. River Street, Suite 230
Boise, ID 83702

R. Michael Southcombe
Clemons, Cosho & Humphrey
815 W. Washington
Boise, ID 83702-5590


/s/ Larry D. Ripley

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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 RATE BASE THE)
INVESTMENT REQUIRED FOR THE)
REBUILD OF THE SWAN FALLS)
HYDROELECTRIC FACILITY)

CASE NO. IPC-E-90-2

IDAHO POWER COMPANY

DIRECT TESTIMONY

OF

JAMES L. BAGGS

1 Q. Please state your name and business address.

2 A. My names is James L. Baggs, and my business
3 address is 1220 Idaho Street, Boise, Idaho.

4 Q. By whom are you employed and in what capacity?

5 A. I am employed by Idaho Power Company as Manager of
6 Rates.

7 Q. Please describe your educational background and
8 professional experience.

9 A. In May of 1975, I received a Bachelor of Arts
10 Degree in Economics from the University of
11 Colorado at Boulder, Colorado. In May, 1977, I
12 graduated from the University of Arizona at
13 Tucson, Arizona with a Master of Science Degree in
14 Agricultural Economics. While studying at
15 Arizona, I held the positions of Teaching
16 Assistant and Research Assistant.

17 After completion of my Masters Degree, I
18 assumed the position of Research Associate in the
19 Department of Agricultural Economics at the
20 University of Arizona. In that capacity, I served
21 as an Economic Consultant to the Institute of
22 Government Research and the Pima Association of
23 Governments in Tucson, Arizona.

24 From September, 1978, to August, 1979, I
25 worked toward the Doctor of Philosophy Degree in

1 Agricultural Economics at the University of
2 California, Davis. At the same time I was
3 employed as a Teaching Assistant. In August,
4 1979, I accepted employment as Senior Water
5 Resource Analyst for the Idaho Department of Water
6 Resources. My duties included economic analysis
7 and planning related to complex multi-objective
8 water and related resource issues.

9 In August of 1982, I accepted the position of
10 Rate Analyst with Idaho Power Company. My duties
11 as Rate Analyst included the preparation of cost
12 of service information for use in the development
13 of jurisdictional separation models, class cost-
14 of-service studies and average system cost
15 studies. More specifically, I was responsible for
16 gathering and analyzing data from various sources
17 and utilizing computer modeling and other
18 techniques to carry out cost-of-service related
19 analyses.

20 In September, 1986, I was promoted to the
21 position of Supervisor of Rates, and in August,
22 1989, I was promoted to the position of Manager of
23 Rates. As a result, I am now responsible for the
24 overall coordination and direction of the Rate
25 Department, including the development of

1 jurisdictional revenue requirements, the
2 preparation of rate design analyses and
3 recommendations, and the coordination and
4 preparation of the Company's rate related
5 regulatory filings in the four regulatory
6 jurisdictions in which Idaho Power provides
7 service.

8 Q. What is the purpose of your testimony in this
9 proceeding?

10 A. The purpose of my testimony is to explain the
11 ramifications of rate basing the investment
12 required for the rebuild of the Swan Falls
13 hydroelectric facility.

14 Q. Will the Company's rates be affected while the
15 Swan Falls project is being constructed?

16 A. No, The Company's rates will not be affected. The
17 investment in the Swan Falls project will be
18 treated as construction work in progress until the
19 project is completed, and construction work in
20 progress is not included in the Company's rate
21 base when Idaho jurisdictional revenue
22 requirements are determined.

23 Q. Once the project is completed will the rates the
24 Company charges for electric service change?

25 A. No. Until the Company's revenue requirement is

1 reviewed by the Commission and the rates of the
2 Company are changed in a general rate proceeding,
3 or a "tracker" type rate proceeding, the rates the
4 Company is authorized to charge will not change.

5 Q. Is it customary to include investment in the
6 Company's rate base without the Commission
7 reviewing the Company's revenue requirement and/or
8 rates?

9 A. Literally every day the Company makes additions to
10 or reductions in its electric plant in service.
11 Every time there is an addition or removal of any
12 electric plant investment (i.e., a line extension,
13 replacement of an old transformer with a new
14 transformer, etc.), the Company includes that
15 investment in the appropriate electric plant
16 account without specific Commission review. This
17 accounting procedure is permissible because it is
18 assumed that the Commission will allow the
19 recovery of these costs by the inclusion of the
20 Company's electric plant in service in rate base
21 when determining the Company's revenue
22 requirements.

23 Q. As Manager of Rates of Idaho Power Company, what
24 is the effect of the Commission's determination
25 that it will rate base the investment required for

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the rebuild of the Swan Falls hydroelectric facility?

A. If the Company utilizes reasonable and prudent construction practices, the Commission's authorization is recognition that the investment is in the public interest and that it will be included in the Company's rate base when the Company's rates are next adjusted after completion of construction.

Q. Does this complete your testimony?

A. Yes, it does