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IDAHO PUBLIC
UTILITIES COMMISSION

May 1, 2002

In the Case #PAC-E-02-1

In opposition to the proposed settlement:

1. Cost of Service Study. I feel that without a cost of service study in a general rate case that we have not had since 1988 PacifiCorp is engaging in piece mil rate making. In order to make a fair settlement all the related Net Power Cost and associated expenses should be examined. We should be looking at the big picture, not a small segment of that picture. That is why, I feel before any moneys are paid to PacifiCorp, the company should be required to engage in a general rate case filing.
2. The Revenue Ramifications of the Company's Filing. I feel that it is important for us to have a sound electric utility provider. I feel at this time, the recovery of cost that the company is seeking in its filing do not truly reflect the needs of the company. I also feel that while the company is entitled to a fair return of its money as stated in Idaho law, a 10.7 % return based on the existing conditions is excessive. One only has to look at the much lower interest rates that exist in the general markets at this time, as well as the general earnings based on the stock market, lead me to believe that PacifiCorp is entitled to a fair return on their money, but something much lower than 10.7% and again without a general rate case we are still engaging in nothing more that piece mil rate making. I would ask the commission to carefully look at the revenue ramifications in the company's filing and ask the question, what is the need verses profit taking.
3. Power Costs PacifiCorp is seeking to recover. Are these costs that PacifiCorp is seeking to recover management mistakes or are they truly valid costs? Much of these power cost that PacifiCorp is seeking to recover was due to there inability to judge and manage there power needs. PacifiCorp engaged in speculative and risky contracts and also locked in any surplus power supplies in those contracts that would have kept them from having to buy power on the spot market. In the first two years that Scottish Power has owned PacifiCorp, they have misread the energy situation and have made mistakes in management by engaging in these and other speculative contracts. I believe that much of the loss that PacifiCorp has suffered in excess power cost can be blamed on Scottish Power's inexperience in managing their American utilities. Also their relative inexperience in dealing with the wholesale energy market in the United States. I believe that much of the losses incurred by Scottish Power/PacifiCorp is reflective of a new management company coming into a market in which they had not operated in before. With this in mind I believe and would ask the commissioners not to penalize the people of Eastern Idaho for the growing pains and lag time for learning in the new management at PacifiCorp. I feel the commission should look closely at all these costs.

4. Rate Mitigation Adjustment. Again I must point out that rate mitigation is only fair and equitable when a general cost of service study as part of a general rate case has been performed. I again look at the problem of piece mil rate making without a general rate case and accompanying cost of service study, the rate mitigation adjustment is an arbitrary and unequal way of mitigating cost to all classes of consumers. Again, before the commission approves any RMA, in the rate structure it should be based upon a general rate case and not this piece mil rate making as proposed by PacifiCorp.

5. Whether the Company's attempted recovery of excess power costs incurred in 2000/2002 violates Merger Approval Condition No. 2, Reference Case No. PAC-E-99-1, Order No. 28213, page 31 issued November 15, 1999, i.e., "following the merger, PacifiCorp shall not seek a general rate increase effective prior to January 1, 2002"; see also Order No. 28213, page 31, fn. 22 "our Order imposes the additional condition of a rate moratorium for approximately two years. PacifiCorp is entitled to seek a rate increase to be effective in year three if it can prove that its revenue requirement is deficient." When condition #2 the rate moratorium was made as an additional protection to insure that there would be no rate increases in the first two years of Scottish Power's ownership, almost to an individual the utility customers in Idaho took the rate moratorium to protect us from unforeseen management problems that the new management might experience in the first two years of its ownership of PacifiCorp. I felt that it was a tangible benefit given to us by the owners of Scottish Power, to assure us of the high standards and expertise in management that they said they were going to bring to Utah Power. I also feel that had we been told that the rate moratorium would be nothing more than a deferral of cost that would lead to a retroactive rate increase the vast majority of leaders who change their position would not have change their positions. To quote Senator Lee, the last time I spoke with him he called the rate moratorium "a sham moratorium". Whether written or verbally implied, the Utah Power customers then as well as now believe that the rate moratorium implies that no deferred cost or retroactive rate increase can be collected or enacted based on events during this rate moratorium. And again, I would also refer you to Commissioner Hansen's descending opinion in my petition for clarification. I also feel that the majority opinion of the commissioners did not invalidate the rate moratorium. In their opinion the rate moratorium was to protect the rate merger credit so that the Idaho/Utah power customers would receive the full benefit of the rate merger credit, which due to the recovery of cost in this agreement the Idaho/Utah power customers will not receive its intended long term benefits. I also believe that another issue or reason for the rate moratorium was the protection against management mistakes that we as state and community leaders saw as a potential for costly management mistakes while training on the job by the Scottish Power managers of PacifiCorp. I would encourage the commissioners to re-examine merger condition #2 from the point of view of the 50,000+ power customers of Utah Power on what we believed the rate moratorium is and what the company says it is, and enact the terms that we feel the rate moratorium means and throw out this recovery of cost.

6. Whether it was appropriate (and perhaps prudent) for PacifiCorp to enact economic curtailments of usage (Company imposed interruptions of power) as opposed to the alternative purchase of high cost power. I would point out on this issue that again that it was a lack of experience by Scottish Power in managing such a diverse company as PacifiCorp, and that their decisions to buy power at high cost verses to impose interruptions of power was again a lack of management experience by a foreign company in an American Market.

7. A review of Company sales contracts executed in 2000/2001. I believe that a review of PacifiCorp's sales contracts shows a lack of experience by the new management in dealing in the electric markets in the United States, and that these excess power costs might not have happened in the absence of the merger or buy out of PacifiCorp by Scottish Power. Before Scottish Power bought PacifiCorp, PacifiCorp engaged in sales contracts without the disastrous losses suffered by PacifiCorp, since the Scottish Power buy out. Again I believe that part or most of the losses incurred in this area can be traced to the changes in management caused by PacifiCorp's being bought out by Scottish Power. Scottish Power's inexperience in the American energy market. I would ask the commissioners to carefully review these contracts to see what part of inexperienced and the new management of Scottish Power played in their losses in this area.

8. The timing of the loss of the Company's Hunter coal generation plant in 2000/2001 and related cause(s) therefore. As to the question of the Hunter coal generation plant. I would encourage the commissioners to hold off on any decision of customer responsibility for the failure of the Hunter Plant until case UM855 now before the Oregon Commission is fully litigated. Also review the Wyoming Utility Commission's findings in this case as well. I also believe that if PacifiCorp cannot tell us why the Hunter generation plant failed, it shows a lack of management of that facility on their part. And the fact that they had to buy on the open market more expensive power is again another indication of management problems caused by the Scottish power merger. I would also ask was there any insurance or other renumeration collected on the losses suffered for the Hunter Plant. Finally, I feel as I have previously stated that it is in the best interest of the people of Idaho for the commissioners to wait and see what the findings of the Oregon commission in relationship to the Hunter outage and what they feel is the rate payers responsibility for this outage and its related causes.

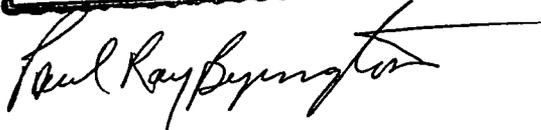
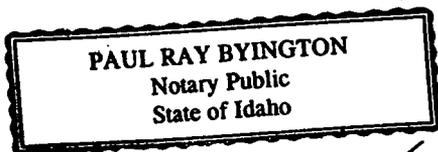
In concluding my testimony, I feel that much of this agreement was done in haste without the benefit of a cost of service study and should have been done in a general rate case not this piece mil rate making that this stipulation and proposed settlement is nothing more than piece mil rate making. I also believe that condition #2 of the merger agreement, should be invoked and this whole case of cost recovery should be thrown out. And in a general rate case look at only the conditions that exist for January 1, 2002, should Utah power seek any additional income from its customers. I believe that the commission should carefully look at the losses incurred by the new management of PacifiCorp and ask the questions are these losses because of on the job training by the

new management of Scottish Power and their inexperience in the American market. I would request that should the commissioners decide that merger condition #2 has no effect on this recovery of cost that they review other agreements that have been made and will be made in other PacifiCorp states to make sure that if Utah Power is to be allowed a recovery of cost that it be equal and fair as reflected by what percentage of our cost should be as compared to other states.

Respectively,



Timothy J. Shurtz



MY COMMISSION EXPIRES
November 30, 2005
BONDED THRU NOTARY PUBLIC UNDERWRITERS