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**DIRECT TESTIMONY OF KEVIN C. HIGGINS**

**On Behalf of The Kroger Co.,  
Doing Business as Fred Meyer and Smith's**

**Case No. IPC-E-03-13**

**February 20, 2004**

1                               **DIRECT TESTIMONY OF KEVIN C. HIGGINS**

2

3    **Introduction**

4    **Q.     Please state your name and business address.**

5    A.             Kevin C. Higgins, 39 Market Street, Suite 200, Salt Lake City, Utah,  
6                   84101.

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

8    A.             I am a Principal in the firm of Energy Strategies, LLC. Energy Strategies  
9                   is a private consulting firm specializing in economic and policy analysis  
10                  applicable to energy production, transportation, and consumption.

11   **Q.     On whose behalf are you testifying in this proceeding?**

12   A.             My testimony is being sponsored by The Kroger Co., (“Kroger”), doing  
13                  business as Fred Meyer and Smith’s. Kroger is one of the largest grocers in the  
14                  United States. Kroger has over 25 accounts served by Idaho Power, which  
15                  together consume over 40 million kwh per year.

16   **Q.     Please describe your professional experience and qualifications.**

17   A.             My academic background is in economics, and I have completed all  
18                  coursework and field examinations toward a Ph.D. in Economics at the University  
19                  of Utah. In addition, I have served on the adjunct faculties of both the University  
20                  of Utah and Westminster College, where I taught undergraduate and graduate  
21                  courses in economics from 1981 to 1995. I joined Energy Strategies in 1995,  
22                  where I assist private and public sector clients in the areas of energy-related

1 economic and policy analysis, including evaluation of electric and gas utility rate  
2 matters.

3 Prior to joining Energy Strategies, I held policy positions in state and local  
4 government. From 1983 to 1990, I was economist, then assistant director, for the  
5 Utah Energy Office, where I helped develop and implement state energy policy.  
6 From 1991 to 1994, I was chief of staff to the chairman of the Salt Lake County  
7 Commission, where I was responsible for development and implementation of a  
8 broad spectrum of public policy at the local government level.

9 **Q. Have you testified before utility regulatory commissions in other states?**

10 A. Yes. I have testified numerous times on the subject of electric utility rates  
11 before state utility regulators in Arizona, Colorado, Georgia, Indiana, Michigan,  
12 Nevada, New York, Ohio, Oregon, South Carolina, Utah, Washington, and  
13 Wyoming.

14 A more detailed description of my qualifications is contained in Kroger  
15 Exhibit No. 901, attached to this testimony.

16  
17 **Overview and conclusions**

18 **Q. What is the purpose of your testimony in this proceeding?**

19 A. I have been asked to evaluate the merits of the rate spread and rate design  
20 proposed in Idaho Power's general rate case filing, with particular emphasis on  
21 Schedule 9 impacts. I also have been asked to recommend any adjustments to the  
22 Company's proposals that might be necessary to ensure results that are just and  
23 reasonable. Absence of comment on my part regarding a particular issue does not

1 signify support (or opposition) toward the Company's filing with respect to the  
2 non-discussed issue.

3 **Q. What conclusions have you reached in your analysis of Idaho Power's rate**  
4 **spread and rate design proposals?**

5 A. (1) With respect to rate spread, Idaho Power proposes a significant subsidy to the  
6 Irrigation class. According to the Company's cost-of-service analysis, it would  
7 require a 67 percent increase in Irrigation base rates for this class to fully recover  
8 its costs if the Company's requested overall base-rate increase of 18 percent is  
9 approved. To mitigate the impact of the base-rate increase for this class, the  
10 Company proposes to cap the Irrigation increase at 25 percent, with the difference  
11 spread to the other rate classes. I agree that mitigating the impact of a large rate  
12 increase for this class is reasonable, but propose some modifications to the  
13 Company's proposal that: (1) would apply in the event the Company's proposed  
14 rate increase is reduced by the Commission, and (2) provide for an additional  
15 phase-in toward cost-of-service rates in subsequent years.

16 (2) With respect to rate design, I generally agree with Idaho Power's approach to  
17 weighting any rate increases relatively more heavily on the demand charge, as  
18 opposed to the energy charge, for those rate schedules with demand meters. This  
19 approach reflects the composition of the Company's underlying costs, and thus is  
20 consistent with cost causation.

21 (3) Idaho Power proposes to make time-of-use rates mandatory for Schedule 19 in  
22 order to send improved price signals. The Company also has an optional time-of-  
23 use rate for Irrigation service that is in place on a pilot basis. Yet there are no

1 time-of-use options available for Schedule 9, which consumes 26 percent of the  
2 retail energy on the Company's system. I recommend adopting a voluntary time-  
3 of-use option for Schedule 9 that offers peak, mid-peak, and off-peak energy  
4 prices that properly reflect time-of-use cost differences. At a minimum, such a  
5 rate should be made available to Schedule 9 customers on a pilot project basis.  
6

7 **Irrigation subsidy**

8 **Q. Please describe Idaho Power's proposal for subsidizing Irrigation rates.**

9 A. According to the Company's cost-of-service analysis, it would require a  
10 67 percent increase in Irrigation base rates for this class to fully recover its costs if  
11 the Company's requested overall base-rate increase of 18 percent is approved.<sup>1</sup> To  
12 mitigate the rate impact on this class, the Company proposes to cap the Irrigation  
13 base-rate increase at 25 percent, with the difference spread to the other rate  
14 classes, as shown in Idaho Power Exhibit No. 61.

15 **Q. What is your assessment of the Company's proposal to mitigate the impact of  
16 the requested rate increase on Irrigation customers?**

17 A. Capping the base rate increase at 25 percent for any customer class for the  
18 purpose of limiting rate shock is reasonable. However, I think it is also important  
19 to adopt additional guidelines for spreading rates in the event that the Company's  
20 proposed overall rate increase is reduced by the Commission.

21 **Q. What approach to rate mitigation do you recommend if the Company's  
22 proposed overall rate increase is reduced by the Commission?**

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<sup>1</sup> Pre-filed direct testimony of John R. Gale, p. 11, lines 2-3. Also Idaho Power Exhibit No. 41, p. 1, line 233.

1 A. If the Company's proposed rate increase is reduced by the Commission,  
2 I recommend that the base-rate increase to Irrigation should be capped at 25  
3 percent, or twice the system average increase, whichever is less. This would retain  
4 the 25 percent cap proposed by the Company, but would also apply a sliding scale  
5 to the Irrigation increase that would lessen the amount of the subsidy to the extent  
6 the rate increase grew smaller. So, for example, if the Commission approved an  
7 overall base-rate increase of 10 percent, the base-rate increase to Irrigation would  
8 be capped at 20 percent.

9 **Q. Please describe the phase-in toward cost-of-service rates that you are also**  
10 **recommending.**

11 A. While it is reasonable to lessen the initial impact of moving Irrigation rates  
12 toward cost-of-service, I think it is also reasonable to adopt a multi-year phase-in  
13 toward cost-of-service rates to relieve other classes of the subsidy costs over time.  
14 This could be accomplished by setting a cost-of-service target and taking  
15 incremental steps toward that target over several years. Specifically, I recommend  
16 adopting a rate plan that moves Irrigation base-rates one-third of the way to full  
17 cost-of-service rates in three steps over three years, measured from the initial rates  
18 approved in this proceeding. The revenue from the annual adjustments would be  
19 used to alleviate the subsidy paid by the other rate classes by reducing their rates  
20 on an equal percentage basis each of the three years.

21 **Q. Can you provide an example of how this would work?**

22 A. Yes. The maximum phase-in adjustment would occur if the Company's  
23 proposed base-rate increase of 18 percent is adopted. This case is illustrated in

1 Kroger Exhibit No. 902. In this case, Irrigation customers would require a 67  
2 percent base-rate increase to move to cost-of-service rates, but would only receive  
3 a 25 percent initial increase. Movement to full cost-of-service rates would require  
4 another 42 percent increase, one-third of which is 14 percent. The latter would  
5 represent the phase-in target, which would be reached in three installments over  
6 three years of 4.7 percent per year.

7 The revenues from the 4.7 percent annual phase-in would be used to  
8 reduce the subsidy from other classes, amounting to a .67 percent annual base-rate  
9 decrease for those classes each year, for a cumulative base-rate reduction of 2  
10 percent.

11 **Q. Why should a phase-in be adopted instead of simply making appropriate**  
12 **adjustments in future rate cases?**

13 A. There is no assurance that a rate case will be filed in the next three years.  
14 Indeed, it has been about ten years since the last Idaho Power rate case. Locking in  
15 a significant subsidy for an indefinite period of time is not reasonable to the  
16 customer classes providing the subsidy. The phase-in approach accomplishes the  
17 worthwhile goal of blunting the initial impact on an under-recovering class, while  
18 continuing to move toward cost-of-service rates over time.

19 If a rate case is filed during the phase-in period, then any rates approved  
20 from that case should supercede the phase-in rates, as of the rate-effective period  
21 associated with the new case.

22  
23

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2 **Rate design: demand vs. energy**

3 **Q. What is your assessment of the Company's proposal to weight any rate**  
4 **increases relatively more heavily on the demand charge, as opposed to the**  
5 **energy charge, for those rate schedules with demand meters?**

6 A. I agree with the Company's basic approach in this regard. Weighting any  
7 increase toward the demand charge would tend to reflect the composition of the  
8 Company's underlying costs, as shown in Idaho Power Exhibit No. 42, and  
9 discussed in the pre-filed direct testimony of Maggie Brilz.<sup>2</sup> For this reason, if  
10 there is an increase, weighting it toward the demand charge is preferable to  
11 weighting it toward the energy charge.

12

13 **Time-of-use rates for Schedule 9**

14 **Q. What is your assessment of the Company's approach to time-of-use rates?**

15 A. Idaho Power is proposing mandatory time-of-use rates for Schedule 19 in  
16 order to send improved price signals to customers. The Company also has an  
17 optional time-of-use rate for Irrigation service that is in place on a pilot basis.  
18 However, the Company neither has, nor proposes, any time-of-use options for  
19 Schedule 9 customers, who represent 26 percent of the retail energy consumed on  
20 the Idaho Power system.<sup>3</sup>

21 In my opinion, it would be beneficial for time-of-use rates to be available  
22 to Schedule 9 customers, so that these customers could better respond to price

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<sup>2</sup> Pre-filed direct testimony of Maggie Brilz, p. 50, lines 18-25.

<sup>3</sup> Derived from Idaho Power Exhibit No. 43, p. 1, col. 3.



1 signals, as well as pay rates that are more closely aligned with the costs they  
2 cause.

3 **Q. Why is it important that improved price signals be available to Schedule 9**  
4 **customers?**

5 A. Energy costs vary across the hours of the day, with the most expensive  
6 hours typically occurring from the late morning to early evening. Designing the  
7 energy price to end-use customers to reflect these variations in energy costs sends  
8 the proper signal to customers regarding the relative cost to operate the system  
9 during the peak, mid-peak, and off-peak hours. Customers would then use this  
10 pricing information to alter their discretionary patterns of usage, increasing  
11 efficiency and lowering the overall cost of energy to the system.

12 As Schedule 9 customers represent over a quarter of the retail energy  
13 consumption on the Idaho Power system, the failure to offer time-of-use rates to  
14 them deprives this class of customers of the opportunity to save money by  
15 responding to appropriate price signals. It also deprives the system of the benefit  
16 of a more efficient load pattern that would result from this responsive behavior.

17 **Q. Are there other reasons besides economic efficiency to make time-of-use rates**  
18 **available to Schedule 9 customers?**

19 A. Yes. Basic fairness dictates that customers whose patterns of energy  
20 consumption is less expensive to serve than the average in their class should see  
21 that lower cost reflected in their bills. Idaho Power is moving in this direction for  
22 Schedule 19. The Company should also take steps in this direction for Schedule 9.

1 **Q. Are time-of-use rates widely available for customers of comparable size to**  
 2 **Schedule 9 in other western states?**

3 **A.** Yes. Time-of-use rates are widely available throughout the west for  
 4 customers of comparable size to Schedule 9. Table KCH-1 below is a partial list  
 5 of other western utilities that offer time-of-use rates to customers with billing  
 6 demands of 1000 kw or less, comparable to Schedule 9.

7  
 8 **Table KCH-1**  
 9 **Western Utilities with Time-of-Use Rates for Customers with**  
 10 **Billing Demands of 1000 kw or less**

11	12	13	14
	<b>State</b>	<b>Utility</b>	<b>Type</b>
15	Arizona	Arizona Public Service	Pilot*
16	Arizona	Salt River Project	Optional
17	Arizona	Tucson Electric Power	Optional
18	California	LADWP	Optional <500 kw
19	California	LADWP	Mandatory >500 kw
20	California	PG&E	Optional <500 kw
21	California	PG&E	Mandatory >500 kw
22	California	SDG&E	Optional <500 kw
23	California	SDG&E	Mandatory >500 kw
24	California	So. Cal. Edison	Optional <500 kw
25	California	So. Cal. Edison	Mandatory >500 kw
26	California	SMUD	Mandatory
27			
28	Colorado	Public Service Colorado	Optional
29			
30	Nevada	Sierra Pacific	Optional
31			
32	Oregon	PacifiCorp	Optional
33	Oregon	Portland General	Optional
34			
35	Utah	PacifiCorp	Optional

36  
 37 \* Permanent TOU rate proposed in pending rate case  
 38

1           In Idaho, PacifiCorp offers an optional time-of-use rate, but the rate design  
2           only differentiates between on-peak and off-peak demand – not energy. As such,  
3           it is not a design I am recommending here.

4   **Q.   How should a time-of-use rate for Schedule 9 be implemented?**

5   A.           I recognize that with such a large class it is impractical to mandate an  
6           immediate change to time-of-use rates. Therefore, Schedule 9 time-of-use rates  
7           should be made available for the upcoming rate-effective period on a voluntary  
8           basis. At a minimum, such a rate should be offered as part of a pilot program,  
9           which could be used to gather information on the price responsiveness and  
10          benefits derivable from expanding time-of-use rates more broadly to Schedule 9  
11          customers.

12 **Q.   How should such a rate be designed?**

13 A.           I recommend adopting a voluntary time-of-use option for Schedule 9 that  
14          offers peak, mid-peak, and off-peak energy prices that properly reflect time-of-use  
15          cost differences. I do not believe it is necessary to add the complexity of the two-  
16          tiered demand charge that the Company is proposing for Schedule 19.

17 **Q.   Instead of adopting a voluntary time-of-use rate now, should this issue  
18          simply be studied and adopted at some later time?**

19 A.           No. A general rate case is the best time to adopt a new time-of-use rate, as  
20          it allows for the full consideration of the revenue effects that accompany the  
21          creation of a new rate schedule. In addition, Idaho Power has noted its increased  
22          gas price risk in recent years associated with purchased power, with the attendant

1 higher energy costs.<sup>4</sup> It is important to take appropriate rate design steps now,  
2 rather than delaying. If it is another ten years until the next Idaho Power rate case,  
3 and this issue is simply deferred for later action, the opportunity to send efficient  
4 price signals for Schedule 9 customers could be delayed a decade.

5 **Q. What recommendation do you make to the Commission on the issue?**

6 A. The Commission should order Idaho Power, as part of any compliance  
7 filing in this case, to file a voluntary time-of-use rate for Schedule 9 customers  
8 that provides peak, mid-peak, and off-peak energy prices that properly reflect  
9 time-of-use cost differences.

10 **Q. Does this conclude your direct testimony?**

11 A. Yes, it does.

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<sup>4</sup> See, for example, pre-filed direct testimony of J. LaMont Keen, p. 5, line 21 – p. 6, line 20.

**KEVIN C. HIGGINS**  
**Principal, Energy Strategies, L.L.C.**  
**39 Market St., Suite 200, Salt Lake City, UT 84101**  
**(801) 355-4365**

**Vitae**

**PROFESSIONAL EXPERIENCE**

Principal, Energy Strategies, L.L.C., Salt Lake City, Utah, January 2000 to present. Responsible for energy-related economic and policy analysis, regulatory intervention, and strategic negotiation on behalf of industrial, commercial, and public sector interests. Previously Senior Associate, February 1995 to December 1999.

Adjunct Instructor in Economics, Westminster College, Salt Lake City, Utah, September 1981 to May 1982; September 1987 to May 1995. Taught in the economics and M.B.A. programs. Awarded Adjunct Professor of the Year, Gore School of Business, 1990-91.

Chief of Staff to the Chairman, Salt Lake County Board of Commissioners, Salt Lake City, Utah, January 1991 to January 1995. Senior executive responsibility for all matters of county government, including formulation and execution of public policy, delivery of approximately 140 government services, budget adoption and fiscal management (over \$300 million), strategic planning, coordination with elected officials, and communication with consultants and media.

Assistant Director, Utah Energy Office, Utah Department of Natural Resources, Salt Lake City, Utah, August 1985 to January 1991. Directed the agency's resource development section, which provided energy policy analysis to the Governor, implemented state energy development policy, coordinated state energy data collection and dissemination, and managed energy technology demonstration programs. Position responsibilities included policy formulation and implementation, design and administration of energy technology demonstration programs, strategic management of the agency's interventions before the Utah Public Service Commission, budget preparation, and staff development. Supervised a staff of economists, engineers, and policy analysts, and served as lead economist on selected projects.

Utility Economist, Utah Energy Office, January 1985 to August 1985. Provided policy and economic analysis pertaining to energy conservation and resource development, with an emphasis on utility issues. Testified before the state Public Service Commission as an expert witness in cases related to the above.

Acting Assistant Director, Utah Energy Office, June 1984 to January 1985. Same responsibilities as Assistant Director identified above.

Research Economist, Utah Energy Office, October 1983 to June 1984. Provided economic analysis pertaining to renewable energy resource development and utility issues. Experience includes preparation of testimony, development of strategy, and appearance as an expert witness for the Energy Office before the Utah PSC.

Operations Research Assistant, Corporate Modeling and Operations Research Department, Utah Power and Light Company, Salt Lake City, Utah, May 1983 to September 1983. Primary area of responsibility: designing and conducting energy load forecasts.

Instructor in Economics, University of Utah, Salt Lake City, Utah, January 1982 to April 1983. Taught intermediate microeconomics, principles of macroeconomics, and economics as a social science.

Teacher, Vernon-Verona-Sherrill School District, Verona, New York, September 1976 to June 1978.

## **EDUCATION**

Ph.D. Candidate, Economics, University of Utah (coursework and field exams completed, 1981).

Fields of Specialization: Public Finance, Urban and Regional Economics, Economic Development, International Economics, History of Economic Doctrines.

Bachelor of Science, Education, State University of New York at Plattsburgh, 1976 (cum laude).

Danish International Studies Program, University of Copenhagen, 1975.

## **SCHOLARSHIPS AND FELLOWSHIPS**

University Research Fellow, University of Utah, Salt Lake City, Utah 1982 to 1983.

Research Fellow, Institute of Human Resources Management, University of Utah, 1980 to 1982.

Teaching Fellow, Economics Department, University of Utah, 1978 to 1980.

New York State Regents Scholar, 1972 to 1976.

## EXPERT TESTIMONY

“In the Matter of the Applications of the Ohio Edison Company, the Cleveland Electric Illuminating Company and the Toledo Edison Company for Authority to Continue and Modify Certain Regulatory Accounting Practices and Procedures, for Tariff Approvals and to Establish Rates and Other Charges, Including Regulatory Transition Charges Following the Market Development Period,” Public Utilities Commission of **Ohio**, Case No. 03-2144-EL-ATA. Direct testimony submitted February 6, 2004.

“In the Matter of the Application of Arizona Public Service Company for a Hearing to Determine the Fair Value of the Utility Property of the Company for Ratemaking Purposes, To Fix a Just and Reasonable Rate of Return Thereon, To Approve Rate Schedules Designed to Develop Such Return, and For Approval of Purchased Power Contract,” **Arizona** Corporation Commission, Docket No. E-01345A-03-0437. Direct testimony submitted February 3, 2004.

“In the Matter of Application of the Detroit Edison Company to Increase Rates, Amend Its Rate Schedules Governing the Distribution and Supply of Electric Energy, etc.,” **Michigan** Public Service Commission, Case No. U-13808. Direct testimony submitted December 12, 2003 (interim request).

“In the Matter of PacifiCorp’s Filing of Revised Tariff Schedules,” Public Utility Commission of **Oregon**, Docket No. UE-147. Joint testimony regarding stipulation submitted August 21, 2003.

“Petition of PSI Energy, Inc. for Authority to Increase Its Rates and Charges for Electric Service, etc.,” **Indiana** Utility Regulatory Commission, Cause No. 42359. Direct testimony submitted August 19, 2003. Cross examined November 5, 2003.

“In the Matter of the Application of Consumers Energy Company for a Financing Order Approving the Securitization of Certain of its Qualified Cost,” **Michigan** Public Service Commission, Case No. U-13715. Direct testimony submitted April 8, 2003. Cross examined April 23, 2003.

“In the Matter of the Application of Arizona Public Service Company for Approval of Adjustment Mechanisms,” **Arizona** Corporation Commission, Docket No. E-01345A-02-0403. Direct testimony submitted February 13, 2003. Surrebuttal testimony submitted March 20, 2003. Cross examined April 8, 2003.

“Re: The Investigation and Suspension of Tariff Sheets Filed by Public Service Company of Colorado, Advice Letter No. 1373 – Electric, Advice Letter No. 593 – Gas, Advice Letter No. 80 – Steam,” **Colorado** Public Utilities Commission, Docket No. 02S-315 EG. Direct testimony submitted November 22, 2002. Cross-answer testimony submitted January 24, 2003.

“In the Matter of the Application of The Detroit Edison Company to Implement the Commission’s Stranded Cost Recovery Procedure and for Approval of Net Stranded Cost Recovery Charges,” **Michigan** Public Service Commission, Case No. U-13350. Direct testimony submitted November 12, 2002.

“Application of South Carolina Electric & Gas Company: Adjustments in the Company’s Electric Rate Schedules and Tariffs,” Public Service Commission of **South Carolina**, Docket No. 2002-223-E. Direct testimony submitted November 8, 2002. Surrebuttal testimony submitted November 18, 2002. Cross examined November 21, 2002.

“In the Matter of the Application of Questar Gas Company for a General Increase in Rates and Charges,” **Utah** Public Service Commission, Docket No. 02-057-02. Direct testimony submitted August 30, 2002. Rebuttal testimony submitted October 4, 2002.

“The Kroger Co. v. Dynegy Power Marketing, Inc.,” **Federal Energy Regulatory Commission**, EL02-119-000. Confidential affidavit filed August 13, 2002.

“In the matter of the application of Consumers Energy Company for determination of net stranded costs and for approval of net stranded cost recovery charges,” **Michigan** Public Service Commission, Case No. U-13380. Direct testimony submitted August 9, 2002. Rebuttal testimony submitted August 30, 2002. Cross examined September 10, 2002.

“In the Matter of the Application of Public Service Company of Colorado for an Order to Revise Its Incentive Cost Adjustment,” **Colorado** Public Utilities Commission, Docket 02A-158E. Direct testimony submitted April 18, 2002.

“In the Matter of the Generic Proceedings Concerning Electric Restructuring Issues,” **Arizona** Corporation Commission, Docket No. E-00000A-02-0051, “In the Matter of Arizona Public Service Company’s Request for Variance of Certain Requirements of A.A.C. R14-2-1606,” Docket No. E-01345A-01-0822, “In the Matter of the Generic Proceeding Concerning the Arizona Independent Scheduling Administrator,” Docket No. E-00000A-01-0630, “In the Matter of Tucson Electric Power Company’s Application for a Variance of Certain Electric Competition Rules Compliance Dates,” Docket No. E-01933A-02-0069, “In the Matter of the Application of Tucson Electric Power Company for Approval of its Stranded Cost Recovery,” Docket No. E-01933A-98-0471. Direct testimony submitted March 29, 2002 (APS variance request); May 29, 2002 (Track A proceeding/market power issues); and July 28, 2003 (Arizona ISA). Rebuttal testimony submitted August 29, 2003 (Arizona ISA). Cross examined June 21, 2002 (Track A proceeding) and September 12, 2003 (Arizona ISA).



“In the Matter of Savannah Electric & Power Company’s 2001 Rate Case,” **Georgia** Public Service Commission, Docket No. 14618-U. Direct testimony submitted March 15, 2002. Cross examined March 28, 2002.

“Nevada Power Company’s 2001 Deferred Energy Case,” Public Utilities Commission of **Nevada**, PUCN 01-11029. Direct testimony submitted February 7, 2002. Cross examined February 21, 2002.

“2001 Puget Sound Energy Interim Rate Case,” **Washington** Utilities and Transportation Commission, Docket Nos. UE-011570 and UE-011571. Direct testimony submitted January 30, 2002. Cross examined February 20, 2002.

“In the Matter of Georgia Power Company’s 2001 Rate Case,” **Georgia** Public Service Commission, Docket No. 1400-U. Direct testimony submitted October 12, 2001. Cross examined October 24, 2001.

“In the Matter of the Application of PacifiCorp for Approval of Its Proposed Electric Rate Schedules and Electric Service Regulations,” **Utah** Public Service Commission, Docket No. 01-35-01. Direct testimony submitted June 15, 2001. Rebuttal testimony submitted August 31, 2001.

“In the Matter of Portland General Electric Company’s Proposal to Restructure and Reprice Its Services in Accordance with the Provisions of SB 1149,” Public Utility Commission of **Oregon**, Docket No. UE-115. Direct testimony submitted February 20, 2001. Rebuttal testimony submitted May 4, 2001. Joint testimony regarding stipulation submitted July 27, 2001.

“In the Matter of the Application of APS Energy Services, Inc. for Declaratory Order or Waiver of the Electric Competition Rules,” **Arizona** Corporation Commission, Docket No. E-01933A-00-0486. Direct testimony submitted July 24, 2000.

“In the Matter of the Application of Questar Gas Company for an Increase in Rates and Charges,” **Utah** Public Service Commission, Docket No. 99-057-20. Direct testimony submitted April 19, 2000. Rebuttal testimony submitted May 24, 2000. Surrebuttal testimony submitted May 31, 2000. Cross examined June 6 & 8, 2000.

“In the Matter of the Application of Columbus Southern Power Company for Approval of Electric Transition Plan and Application for Receipt of Transition Revenues,” Public Utility Commission of **Ohio**, Case No. 99-1729-EL-ETP; “In the Matter of the Application of Ohio Power Company for Approval of Electric Transition Plan and Application for Receipt of Transition Revenues,” Public Utility Commission of **Ohio**, Case No. 99-1730-EL-ETP. Direct testimony prepared, but not submitted pursuant to settlement agreement effected May 2, 2000.

“In the Matter of the Application of FirstEnergy Corp. on Behalf of Ohio Edison Company, The Cleveland Electric Illuminating Company, and the Toledo Edison Company for Approval of Their Transition Plans and for Authorization to Collect Transition Revenues,” Public Utility Commission of **Ohio**, Case No. 99-1212-EL-ETP. Direct testimony prepared, but not submitted pursuant to settlement agreement effected April 11, 2000.

“2000 Pricing Process,” **Salt River Project** Board of Directors, oral comments provided March 6, 2000 and April 10, 2000.

“Tucson Electric Power Company vs. Cyprus Sierrita Corporation,” **Arizona** Corporation Commission, Docket No. E-000001-99-0243. Direct testimony submitted October 25, 1999. Cross examined November 4, 1999.

“Application of Hildale City and Intermountain Municipal Gas Association for an Order Granting Access for Transportation of Interstate Natural Gas over the Pipelines of Questar Gas Company for Hildale, Utah,” **Utah** Public Service Commission, Docket No. 98-057-01. Rebuttal testimony submitted August 30, 1999.

“In the Matter of the Application by Arizona Electric Power Cooperative, Inc. for Approval of Its Filing as to Regulatory Assets and Transition Revenues,” **Arizona** Corporation Commission, Docket No. E-01773A-98-0470. Direct testimony submitted July 30, 1999. Cross examined February 28, 2000.

“In the Matter of the Application of Tucson Electric Power Company for Approval of its Plan for Stranded Cost Recovery,” **Arizona** Corporation Commission, Docket No. E-01933A-98-0471; “In the Matter of the Filing of Tucson Electric Power Company of Unbundled Tariffs Pursuant to A.A.C. R14-2-1601 et seq.,” Docket No. E-01933A-97-0772; “In the Matter of the Competition in the Provision of Electric Service Throughout the State of Arizona,” Docket No. RE-00000C-94-0165. Direct testimony submitted June 30, 1999. Rebuttal testimony submitted August 6, 1999. Cross examined August 11-13, 1999.

“In the Matter of the Application of Arizona Public Service Company for Approval of its Plan for Stranded Cost Recovery,” **Arizona** Corporation Commission, Docket No. E-01345A-98-0473; “In the Matter of the Filing of Arizona Public Service Company of Unbundled Tariffs Pursuant to A.A.C. R14-2-1601 et seq.,” Docket No. E-01345A-97-0773; “In the Matter of the Competition in the Provision of Electric Service Throughout the State of Arizona,” Docket No. RE-00000C-94-0165. Direct testimony submitted June 4, 1999. Rebuttal testimony submitted July 12, 1999. Cross examined July 14, 1999.

“In the Matter of the Application of Tucson Electric Power Company for Approval of its Plan for Stranded Cost Recovery,” **Arizona** Corporation Commission, Docket No. E-01933A-98-0471; “In the Matter of the Filing of Tucson Electric Power Company of Unbundled Tariffs Pursuant to A.A.C. R14-2-1601 et seq.,” Docket No. E-01933A-97-0772; “In the Matter of the Application of Arizona Public Service Company for Approval of its Plan for Stranded Cost Recovery,” Docket No. E-01345A-98-0473; “In the Matter of the Filing of Arizona Public Service Company of Unbundled Tariffs Pursuant to A.A.C. R14-2-1601 et seq.,” Docket No. E-01345A-97-0773; “In the Matter of the Competition in the Provision of Electric Service Throughout the State of Arizona,” Docket No. RE-00000C-94-0165. Direct testimony submitted November 30, 1998.

“Hearings on Pricing,” **Salt River Project** Board of Directors, written and oral comments provided November 9, 1998.

“Hearings on Customer Choice,” **Salt River Project** Board of Directors, written and oral comments provided June 22, 1998; June 29, 1998; July 9, 1998; August 7, 1998; and August 14, 1998.

“In the Matter of the Competition in the Provision of Electric Service Throughout the State of Arizona,” **Arizona** Corporation Commission, Docket No. U-0000-94-165. Direct and rebuttal testimony filed January 21, 1998. Second rebuttal testimony filed February 4, 1998. Cross examined February 25, 1998.

“In the Matter of Consolidated Edison Company of New York, Inc.’s Plans for (1) Electric Rate/Restructuring Pursuant to Opinion No. 96-12; and (2) the Formation of a Holding Company Pursuant to PSL, Sections 70, 108, and 110, and Certain Related Transactions,” **New York** Public Service Commission, Case 96-E-0897. Direct testimony filed April 9, 1997. Cross examined May 5, 1997.

“In the Matter of the Petition of Sunnyside Cogeneration Associates for Enforcement of Contract Provisions,” **Utah** Public Service Commission, Docket No. 96-2018-01. Direct testimony submitted July 8, 1996.

“Questar Pipeline Company,” **Federal Energy Regulatory Commission**, Docket No. RP95-407. Direct testimony prepared, but withheld subject to settlement. Settlement approved July 1, 1996.

“In the Matter of Arizona Public Service Company’s Rate Reduction Agreement,” **Arizona** Corporation Commission, Docket No. U-1345-95-491. Direct testimony prepared, but withheld consequent to issue resolution. Agreement approved April 18, 1996.

“In the Matter of the Application of PacifiCorp, dba Pacific Power & Light Company, for Approval of Revised Tariff Schedules and an Alternative Form of Regulation Plan,” **Wyoming** Public Service Commission, Docket No. 2000-ER-95-99. Direct testimony submitted April 8, 1996.

“In the Matter of the Application of Mountain Fuel Supply Company for an Increase in Rates and Charges,” **Utah** Public Service Commission, Case No. 95-057-02. Direct testimony submitted June 19, 1995. Rebuttal testimony submitted July 25, 1995. Surrebuttal testimony submitted August 7, 1995.

“In the Matter of the Investigation of the Reasonableness of the Rates and Tariffs of Mountain Fuel Supply Company,” **Utah** Public Service Commission, Case No. 89-057-15. Direct testimony submitted July 1990. Surrebuttal testimony submitted August 1990.

“In the Matter of the Review of the Rates of Utah Power and Light Company pursuant to The Order in Case No. 87-035-27,” **Utah** Public Service Commission, Case No. 89-035-10. Rebuttal testimony submitted November 15, 1989. Cross examined December 1, 1989 (rate schedule changes for state facilities).

“In the Matter of the Application of Utah Power & Light Company and PC/UP&L Merging Corp. (to be renamed PacifiCorp) for an Order Authorizing the Merger of Utah Power & Light Company and PacifiCorp into PC/UP&L Merging Corp. and Authorizing the Issuance of Securities, Adoption of Tariffs, and Transfer of Certificates of Public Convenience and Necessity and Authorities in Connection Therewith,” **Utah** Public Service Commission, Case No. 87-035-27; Direct testimony submitted April 11, 1988. Cross examined May 12, 1988 (economic impact of UP&L merger with PacifiCorp).

“In the Matter of the Application of Mountain Fuel Supply Company for Approval of Interruptible Industrial Transportation Rates,” **Utah** Public Service Commission, Case No. 86-057-07. Direct testimony submitted January 15, 1988. Cross examined March 30, 1988.

“In the Matter of the Application of Utah Power and Light Company for an Order Approving a Power Purchase Agreement,” **Utah** Public Service Commission, Case No. 87-035-18. Oral testimony delivered July 8, 1987.

“Cogeneration: Small Power Production,” **Federal Energy Regulatory Commission**, Docket No. RM87-12-000. Statement delivered March 27, 1987, on behalf of State of Utah, in San Francisco.

“In the Matter of the Investigation of Rates for Backup, Maintenance, Supplementary, and Standby Power for Utah Power and Light Company,” **Utah** Public Service Commission, Case

No. 86-035-13. Direct testimony submitted January 5, 1987. Case settled by stipulation approved August 1987.

“In the Matter of the Application of Sunnyside Cogeneration Associates for Approval of the Cogeneration Power Purchase Agreement,” **Utah** Public Service Commission, Case No. 86-2018-01. Rebuttal testimony submitted July 16, 1986. Cross examined July 17, 1986.

“In the Matter of the Investigation of Demand-Side Alternatives to Capacity Expansion for Electric Utilities,” **Utah** Public Service Commission, Case No. 84-999-20. Direct testimony submitted June 17, 1985. Rebuttal testimony submitted July 29, 1985. Cross examined August 19, 1985.

“In the Matter of the Implementation of Rules Governing Cogeneration and Small Power Production in Utah,” **Utah** Public Service Commission, Case No. 80-999-06, pp. 1293-1318. Direct testimony submitted January 13, 1984 (avoided costs), May 9, 1986 (security for levelized contracts) and November 17, 1986 (avoided costs). Cross-examined February 29, 1984 (avoided costs), April 11, 1985 (standard form contracts), May 22-23, 1986 (security for levelized contracts) and December 16-17, 1986 (avoided costs).

#### **OTHER RELATED ACTIVITY**

Participant, Oregon Direct Access Task Force (UM 1081), May 2003 to present.

Participant, Michigan Stranded Cost Collaborative, March 2003 to present.

Member, Arizona Electric Competition Advisory Group, December 2002 to present.

Board of Directors, ex-officio, Desert STAR RTO, September 1999 to February 2002.

Advisory Committee, Desert STAR RTO, September 1999 to February 2002. Acting Chairman, October 2000 to February 2002.

Board of Directors, Arizona Independent Scheduling Administrator Association, October 1998 to present.

Acting Chairman, Operating Committee, Arizona Independent Scheduling Administrator Association, October 1998 to June 1999.

Member, Desert Star ISO Investigation Working Groups: Operations, Pricing, and Governance, April 1997 to present. Legal & Negotiating Committee, April 1999 to December 1999.

Participant, Independent System Operator and Spot Market Working Group, Arizona Corporation Commission, April 1997 to September 1997.

Participant, Unbundled Services and Standard Offer Working Group, Arizona Corporation Commission, April 1997 to October 1997.

Participant, Customer Selection Working Group, Arizona Corporation Commission, March 1997 to September 1997.

Member, Stranded Cost Working Group, Arizona Corporation Commission, March 1997 to September 1997.

Member, Electric System Reliability & Safety Working Group, Arizona Corporation Commission, November 1996 to September 1998.

Chairman, Salt Palace Renovation and Expansion Committee, Salt Lake County/State of Utah/Salt Lake City, multi-government entity responsible for implementation of planning, design, finance, and construction of an \$85 million renovation of the Salt Palace Convention Center, Salt Lake City, Utah, May 1991 to December 1994.

State of Utah Representative, Committee on Regional Electric Power Cooperation, a joint effort of the Western Interstate Energy Board and the Western Conference of Public Service Commissioners, January 1987 to December 1990.

Member, Utah Governor's Economic Coordinating Committee, January 1987 to December 1990.

Chairman, Standard Contract Task Force, established by Utah Public Service Commission to address contractual problems relating to qualifying facility sales under PURPA, March 1986 to December 1990.

Chairman, Load Management and Energy Conservation Task Force, Utah Public Service Commission, August 1985 to December 1990.

Alternate delegate for Utah, Western Interstate Energy Board, Denver, Colorado, August 1985 to December 1990.

Articles Editor, Economic Forum, September 1980 to August 1981.

**Example of Three-Year Phase-In Toward Cost-of-Service Rates  
Using Idaho Power's Proposed \$86 Million Base Rate Increase**  
Normalized 12-Months ending December 31, 2003

Line No.	Tariff Description	(1) Rate Sch. No. <sup>1</sup>	(2) Current Base Revenue <sup>1</sup>	(3) COS Revenue Adjustments <sup>2</sup>	(4) COS Percent Change	(5) IPCo Proposed Revenue Adjustments <sup>1</sup>	(6) IPCo Proposed Percent Change	(7) COS Phase-in Annual Adjustment <sup>3</sup> (%)	(8) COS Phase-in Annual Adjustment <sup>3</sup> (\$)
<b>Uniform Tariff Rates</b>									
1	Residential Service	1	214,289,414	28,666,058	13.38%	40,786,881	19.03%	-0.67%	(1,426,221)
2	Small General Service	7	16,798,476	2,563,674	15.26%	3,529,614	21.01%	-0.67%	(111,804)
3	Total Large General Service	9	107,669,012	10,309,059	9.57%	16,194,270	15.04%	-0.67%	(716,600)
4	Dusk to Dawn Lighting	15	1,389,106	(1,412,294)	-101.67%	69,323	4.99%	-0.67%	(9,245)
5	Large Power Service	19	55,063,573	4,660,409	8.46%	7,639,707	13.87%	-0.67%	(366,480)
6	Agricultural Irrigation Service	24	60,291,575	40,456,288	67.10%	15,078,364	25.01%	4.68%	2,819,769
7	Unmetered General Service	40	907,689	(221,178)	-24.37%	45,246	4.98%	-0.67%	(6,041)
8	Street Lighting	41	1,809,269	(267,473)	-14.78%	90,219	4.99%	-0.67%	(12,042)
9	Traffic Control Lighting	42	284,145	21,332	7.51%	36,598	12.88%	-0.67%	(1,891)
10	<b>Total Uniform Tariffs</b>		<b>458,502,259</b>	<b>84,775,875</b>	<b>18.49%</b>	<b>83,470,222</b>	<b>18.20%</b>	<b>0.04%</b>	<b>169,445</b>
<b>Special Contracts</b>									
11	Micron	26	16,204,104	465,070	2.87%	1,296,405	8.00%	-0.67%	(107,848)
12	J R Simplot	29	4,632,571	(82,642)	-1.78%	144,341	3.12%	-0.67%	(30,832)
13	DOE	30	4,622,414	403,609	8.73%	654,392	14.16%	-0.67%	(30,765)
14	<b>Total Special Contracts</b>		<b>25,459,089</b>	<b>786,037</b>	<b>3.09%</b>	<b>2,095,138</b>	<b>8.23%</b>	<b>-0.67%</b>	<b>(169,445)</b>
15	<b>Total Idaho Retail Sales</b>		<b>483,961,348</b>	<b>85,561,911</b>	<b>17.68%</b>	<b>85,565,360</b>	<b>17.68%</b>	<b>0.00%</b>	<b>(0)</b>

Data Sources:

1. IPCo Exhibit No. 43, p. 1 of 22
2. IPCo Exhibit No. 41

Note:

3. Annual adjustment for 3 years.