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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 INCREASE ITS RATES AND CHARGES FOR ELECTRIC SERVICE TO ITS CUSTOMERS IN THE STATE OF IDAHO.	CASE NO. IPC-E-11-08

IDAHO POWER COMPANY

DIRECT TESTIMONY

OF

GREGORY W. SAID

Q. Please state your name and business address.

A. My name is Gregory W. Said and my business address is 1221 West Idaho Street, Boise, Idaho.

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

A. I am employed by Idaho Power Company ("Idaho Power" or "Company") as the Vice President of Regulatory Affairs.

Q. Please describe your educational background and business affiliations.

A. In May of 1975, I received a Bachelor of Science Degree in Mathematics with honors from Boise State University. In 1999, I attended the Public Utility Executives Course at the University of Idaho and am now on the faculty of that program covering "Regulation and Ratemaking." I have attended numerous additional educational conferences throughout my career at Idaho Power and am an active member of the Edison Electric Institute's Rates and Regulatory Affairs Committee.

Q. Please describe your work experience with Idaho Power.

A. I was hired by Idaho Power in 1980 as an analyst in the Resource Planning Department. In 1985, the Company applied for a general revenue requirement increase. I was the Company witness addressing power supply expenses.

In August of 1989, after nine years in the Resource Planning Department, I was offered and I accepted a position in the Company's Rate Department. With the Company's application for a temporary rate increase in 1992, my responsibilities as a witness were expanded. While I continued to be the Company witness concerning power supply expenses, I also sponsored the Company's rate computations and proposed tariff schedules in that case.

Because of my combined Resource Planning and Rate Department experience, I was asked to design a Power Cost Adjustment ("PCA") which would impact customers' rates based upon changes in the Company's net power supply expenses. I presented my recommendations to the Idaho Public Utilities Commission ("Commission") in 1992, at which time the Commission established the PCA as an annual adjustment to the Company's rates. I sponsored the Company's annual PCA in each of the years 1996 through 2003.

In 1996, I was promoted to Director of Revenue Requirement. I managed the preparation of revenue requirement information for regulatory proceedings until 2008.

In 2008, I was promoted to Director of State Regulation, overseeing the management of both cost-of-service and rate design.

In 2010, I was promoted to General Manager of the Regulatory Affairs Department and in 2011, I was promoted to Vice President of Regulatory Affairs.

As the Vice President of Regulatory Affairs, I oversee and direct the activities of the Regulatory Affairs Department. These activities include the development of jurisdictional revenue requirements, the oversight of the Company's rate adjustment mechanisms, the preparation of cost-of-service studies, the preparation of rate design analyses, and the administration of tariffs and customer contracts. I also have the primary responsibility for corporate policy regarding matters related to the economic regulation of Idaho Power. I have testified before the Commission and the Public Utility Commission of Oregon on numerous occasions.

Q. What is the purpose of your testimony in this matter?

A. First and foremost, the purpose of my testimony is to present the Company's request for an increase to customer rates that will increase the Company's annual Idaho jurisdictional revenues by $82.6 million, which is 9.9 percent greater than the revenues that could be generated under current rates.

As the Vice President of Regulatory Affairs, I am responsible for the overall preparation and presentation of this filing. I will provide an overview of the Company's case and summarize what I consider to be the major points contained in the testimony of the various Company witnesses. Further, I will present the Company's request for authorization to treat demand response incentive payments as power supply expenses and to establish a base or "normal" level of cost recovery for those demand response incentive payments in rates.

I. **BACKGROUND**

Q. Please provide a brief background on the general rate case moratorium that is currently in effect.

A. In November of 2009, the Company filed an application with the Commission requesting an order allowing the Company to amortize additional accumulated deferred income tax credits and approving a general rate case moratorium. That application was based upon a stipulation ("Stipulation") signed by the Company, the Commission Staff, the Idaho Irrigation Pumpers Association, Inc., the Industrial Customers of Idaho Power, Micron Technology, Inc., the United States Department of Energy, the Community Action Partnership Association of Idaho, and the Kroger Co.

The Stipulation was approved by the Commission on January 13, 2010. The rate case moratorium language contained in the approved Stipulation states that "Idaho

Power will not file a general revenue requirement case which would result in a general rate adjustment becoming effective prior to January 1, 2012 . . . ." The parties to the Stipulation all recognized that in the normal course of the processing of general revenue requirements cases the Commission would suspend rate implementation for a six-month period from the implementation date proposed by the Company. As a result, even though the Company has filed this case on June 1, 2011, requesting implementation on July 1, 2011, the Company's expectation is that the Commission will suspend implementation of new rates for six months and any new rates established would not become effective until January 2012. Such a result is in keeping with the moratorium language approved in the Stipulation.

Q. During the general rate case moratorium, has the Company been able to adjust rates related to specific items?

A. Yes, provisions contained in the Stipulation allowed for rate adjustments for the following:

1. Annual Power Cost Adjustment;

2. Annual Fixed Cost Adjustment ("FCA");

3. Annual Advanced Metering Infrastructure ("AMI") rate adjustment;

4. Annual pension expense recovery ("Pension");

5. Energy Efficiency Rider adjustment;

6. Recovery of governmentally imposed fees;

7. Increased funding for low-income weatherization; and

8. Resetting of base level power supply expenses coincident with the 2010 PCA rate change.

Q. Have the rate changes associated with these items resulted in higher or lower rates for customers?

A. In each of the last two years, the Company has requested rate decreases in its PCA applications that have more than offset increases resulting from the FCA, AMI, Pension, and resetting of base power supply expenses filings. The Company has not requested a change in the Energy Efficiency Rider or increased funding for weatherization.

II. CASE STRUCTURE AND WITNESS SUMMARY

Q. Please provide a summary of the financial factors driving the need for rate relief as detailed in the testimony of Mr. Darrel Anderson, Executive Vice President of Administration and Chief Financial Officer.

A. Mr. Anderson discusses numerous financial challenges facing the Company, such as a down economy coupled with rising costs and constrained capacity issues. He describes the Company's increased investment in generation plant, transmission facilities, distribution facilities and general plant that has been required to provide for the needs of the Company's customers. He describes how reliability requirements, compliance requirements, and the costs of materials and supplies have impacted the level of investments.

Mr. Anderson also addresses Company actions to manage ongoing expenses. Specifically, he points out that over the last two years of the down economy, the Company has provided for general wage adjustments that are below peer group adjustments to salary structures. While the Company does not fear losing employees in the short-term, in the longer term, the Company will need to return to its strategy of having a salary structure that allows employees the opportunity to receive the median level compensation for like jobs at other companies.

Q. Does Mr. Anderson discuss the Company's opportunity to earn its authorized rate of return given the additional investments and ongoing expenses of the Company?

A. Yes. Mr. Anderson notes that the Company has not earned its authorized rate of return in any of the last five years and does not expect to earn its authorized rate of return in 2011 absent a positive determination from the Internal Revenue Service related to the Company's request to change tax methods related to uniform capitalization for income taxes.

Q. Given the financial drivers of the need for rate relief as described by Mr. Anderson, did he give you any specific instructions with regard to preparation of this case?

A. Yes. While Mr. Anderson is fully aware that the Company has not earned its authorized rate of return in any of the last five years, he is also cognizant of the prolonged economic downturn. As a result, Mr. Anderson instructed me to identify areas where the Company could forego requesting an increase at this time and keep the Company's requested rate increase as small as possible. I recommended to Mr. Anderson that the Company not request the following items as part of this filing:

1. Incremental power supply expenses;

2. Incremental Allowance for Funds Used During Construction ("AFUDC") associated with Construction Work in Progress ("CWIP") for the Hells Canyon relicensing project; and

3. Incremental 2011 Pension expense.

Q. Please provide your rationale for these recommendations.

A. The items I have identified for exclusion could have been reasonably included in the Company's filing and have been included and approved in previous Company general rate case filings. I identified these exclusions because I felt they provided the least harm to the Company while providing current rate relief to customers.

With regard to incremental power supply expenses, the Company recently filed its annual PCA rate change request (Case No. IPC-E-11-06). New rates should be in effect simultaneously with the filing of this case and reflect current power expense levels. Any changes in power supply expenses that occur next year will, to a large extent, be reflected at mid-year 2012, at the time of the next PCA rate change. The Company is willing to forego collection of increased power supply expenses beginning in January 2012 with the knowledge that those expenses will be later addressed as part of the PCA filing in April 2012. Depending on a number of factors, that PCA rate can either go up or down.

My recommendation to not ask for incremental AFUDC on CWIP at Hells Canyon will impact the Company's cash flow, but not affect the Company's earnings or perception of the Company's financial health in the public marketplace. Collection of AFUDC on CWIP at Hells Canyon from customers was approved by the Commission to reduce the future rate impact on customers once the Hells Canyon license is granted and placed in the Company's rate base for recovery through rates. Given the current downturn in the economy, it is beneficial to the Company's customers to hold collection of AFUDC at current levels.

Likewise, my recommendation to not seek recovery of incremental pension expense recovery at this time will affect the Company's cash flow, but not its earnings. Any incremental pension funding will flow into a balancing account that will be subject to future recovery.

Q. Please summarize the purpose of Mr. Warren Kline's testimony in this case.

A. Mr. Kline is the Company's Vice President of Customer Operations. Mr. Kline describes the Company's thoughtful management of costs incurred by the Company to benefit customers.

Specifically, Mr. Kline discusses changes to the Company's Customer Service Operations organization that result in exemplary customer service. For example, he describes how Mobile Workforce Management has been utilized to optimize daily field processes.

Mr. Kline goes on to describe the nearing completion of meter replacement with AMI. He describes how the Company was able to leverage its meter change-outs to receive a Smart Grid Investment Grant from the U.S. Department of Energy, which will provide for up to $47 million of infrastructure that will be treated as a Contribution in Aid of Construction benefitting customers.

Mr. Kline also describes the Company's ongoing efforts to pursue all cost-effective energy efficiency.

Finally, Mr. Kline explains how all of the efforts he has discussed have been reflected in customer satisfaction measurements. He proudly testifies that customer satisfaction is significantly higher than when the Company began such measurements in 1995 and that the Company has had consistent high performance in recent years.

Q. Did the Company hire an outside consultant to evaluate and determine an appropriate acceptable range in which the Company's authorized rate of return on equity ("ROE") should be set?

A. Yes. Dr. William E. Avera has been the Company's consultant on this issue for many years.

Q. What does Dr. Avera recommend as the range in which Idaho Power's authorized ROE should be set?

A. Dr. Avera provides detailed testimony regarding his analyses of Idaho Power and the utility industry in general. He describes his capital market estimates based upon methods such as discounted cash flow analyses, capital asset pricing models, and comparable earnings methodologies. He also discusses flotation costs. Given the full body of his analyses, he recommends a fair rate of return on equity range of 10.40 to 11.55 percent.

Q. Please describe how Mr. Steven R. Keen, Vice President, Finance and Treasurer, used Dr. Avera's recommended fair rate of return on equity range of 10.40 to 11.55 percent to arrive at the point estimate for ROE that the Company recommends be approved as the authorized rate of return on equity in this case.

A. Mr. Keen presents the Company recommendation that the Commission authorize an ROE of 10.5 percent for the purposes of determining the Company's jurisdictional revenue requirement in this case. This is near the bottom of Dr. Avera's recommended range and is also equal to the currently authorized rate of return on equity in Idaho Power's Idaho jurisdiction.

In arriving at his point estimate, Mr. Keen discusses the need for an ROE that is adequate to attract capital in today's financial markets. He discusses the following areas that those markets have identified as the Company's risk factors:

1. Declining credit ratings;

2. Actual results compared to authorized ROE;

3. Power cost volatility;

4. Hells Canyon relicensing;

5. Impacts of purchases of energy from Qualifying Facilities; and

6. Required reliability investments.

Q. Does Mr. Keen propose a cost of debt to be used in determining the Company's Idaho jurisdictional revenue requirement?

A. Yes. Mr. Keen recommends a cost of debt of 5.728 percent.

Q. What is the overall cost of capital as quantified by Mr. Keen that incorporates a 10.5 percent ROE and a 5.728 percent cost of debt?

A. Mr. Keen has quantified the overall cost of capital to be 8.17 percent.

Q. Who is the next witness in the Company's presentation of its case in this proceeding?

A. Following Mr. Keen in the presentation of the Company's case is Mr. Douglas N. Jones, Regulatory Accounting and Support Team Leader. Mr. Jones presents actual 2010 financial data as reported to the Securities and Exchange Commission in the Company's Form 10-K and to the Federal Energy Regulatory Commission ("FERC") in the Company's FERC Form 1. This data serves as the auditable starting point for test year development.

Q. Does Mr. Jones perform another function in the preparation of the Company's case?

A. Yes. In addition to providing the Company's actual financial data for the 2010 auditable starting point, Mr. Jones quantifies the adjustments to that financial data that reflect previous Commission directives regarding regulatory treatment of specific accounts.

Q. What test year is the Company proposing in this case?

A. The Company is proposing a 2011 test year. Consistent with the Company's test year approach in its last general rate case, IPC-E-08-10, the Company is recommending a test year that has not occurred at the time of case preparation, but will have ended prior to the time that new rates begin in January 2012. Because the actual test year information is not known at the time of case preparation, the Company makes adjustments to 2010 actual data that will reasonably reflect what 2011 data will be by the time the case is resolved.

Q. Please describe the Company's quantification of 2011 normalized power supply expenses.

A. Mr. Timothy E. Tatum, Senior Manager of Cost of Service, requested that Mr. Scott Wright, Regulatory Analyst II, quantify 2011 normalized power supply expenses using the AURORA model that has been routinely utilized for ratemaking determination by this Commission for a number of years.

Mr. Wright has quantified test year 2011 normalized net power supply expenses excluding purchases pursuant to the Public Utility Regulatory Policies Act of 1978 ("PURPA") to be $127.9 million. He also quantified test year 2011 normalized PURPA purchases to be $113.2 million. The sum of these numbers is $241.1 million.

Q. How does this number compare to the currently authorized total power supply expense?

A. Mr. Wright's quantification of total normalized 2011 power supply expenses at $241.1 million is $31.9 million more than the currently authorized power supply expense level of $209.2 million. As I previously stated, the Company is not requesting the estimated $31.9 million increase in net power supply expenses in this case. Mr. Wright's testimony is informational and demonstrates the Company's desire to mitigate the size of its additional revenue request in this proceeding.

Q. Please describe the instructions you gave to Mr. Tatum regarding preparation of the 2011 test year in this case.

A. I instructed Mr. Tatum to prepare the 2011 test year based upon the 2010 actual financial data provided by Mr. Jones in a manner similar to that accepted by the Commission in Case No. IPC-E-08-10. However, I instructed Mr. Tatum to deviate from that approach in specific areas.

I told Mr. Tatum to hold operations and maintenance ("O&M") expenses to 2010 levels with the exception of specific cost categories that are "known" to be materially different in 2011. I told Mr. Tatum to hold normalized total power supply expenses and related PCA accounts to 2010 levels as approved in Commission Order No. 31042. I also instructed Mr. Tatum to exclude incremental AFUDC on CWIP at Hells Canyon. I have previously discussed the Company's rationale for such instructions.

I also instructed Mr. Tatum to reflect recent Commission orders in regard to current recovery of pension funding and Custom Efficiency program payments.

Q. Given your instructions to Mr. Tatum, please describe how Mr. Tatum's testimony fits into the Company's presentation of its case.

A. Mr. Tatum describes how the Company utilized the 2010 financial data as presented by Mr. Jones as a starting point from which he made conservative adjustments to derive similar data corresponding to the 2011 test year. Mr. Tatum prepared an exhibit that details the method and rationale for each adjustment he utilized in developing the 2011 test year data. Once he determined the 2011 test year system-level data, Mr. Tatum supervised the preparation of the jurisdictional separation study utilized to determine the Idaho jurisdictional revenue requirement.

Q. Who is the Company witness that quantified the Idaho jurisdictional revenue requirement?

A. Ms. Kelley Noe, Regulatory Analyst II, prepared the Idaho jurisdictional revenue requirement under the direction of Mr. Tatum. Ms. Noe describes her preparation of the jurisdictional separation study incorporating Mr. Keen's return recommendations and Mr. Tatum's recommended adjustments to the financial data presented by Mr. Jones. She then describes the methods by which each regulatory account is allocated to either the Idaho or Oregon jurisdiction. As noted in Mr. Tatum's testimony, the resulting Idaho jurisdictional revenue requirement as quantified by Ms. Noe is $917.6 million and the current Idaho jurisdictional revenue deficiency also quantified by Ms. Noe is $82.6 million.

Q. Please describe the next area of presentation in the Company's case.

A. Mr. Matthew T. Larkin, Regulatory Analyst, describes the 2011 Retail Revenue Forecast provided to Ms. Noe for her determination of the Company's revenue deficiency. He also describes the Company's class cost-of-service model that is used in part to determine each customer class's responsibility for a portion of the total Idaho jurisdictional revenue requirement.

Q. Is the Company proposing to establish rates for its Idaho jurisdictional customer classes that will move each customer class to its class cost-of-service?

A. No. Mr. Larkin has prepared an exhibit that shows the percentage of rate change that would be required in order to move each customer class to its cost-of-service. After discussions with Mr. Larkin, Mr. Tatum, and Mr. Youngblood, I instructed Mr. Larkin to provide Mr. Youngblood with class revenue targets that would not decrease any customer class rate, would cap any customer class rate at 1.5 times the system average rate increase, and would reallocate any shortfall in revenue collection created by capping increases to classes receiving uncapped increases.

Q. Did Mr. Larkin also quantify the Load Change Adjustment Rate ("LCAR") that would correspond to the Company proposed test year values?

A. Yes, Mr. Larkin quantified the LCAR by applying the methodology established by Commission Order No. 32206 to the test year values proposed by the Company. If the Company's proposal is approved, the LCAR would be $19.28 per megawatt-hour.

Q. What is the next issue addressed in the Company's case?

A. Mr. Ralph Cavanagh, Energy Program Director for the Natural Resources Defense Council ("NRDC"), provides testimony in support of continuing the Company's FCA mechanism and removing it from pilot status. Mr. Cavanagh was a witness on behalf of the Company when the FCA mechanism was established and testifies as to the ongoing value of such a mechanism as viewed by the NRDC.

Q. Please describe the testimony of the Company's final witness, Mr. Michael J. Youngblood, Manager of Rate Design.

A. Mr. Youngblood discusses the overall objectives of the Company with regard to rate design. I instructed Mr. Youngblood to continue the Company practice of recommending moderate movement of billing determinant rate components toward cost-of-service determinations. Mr. Youngblood also discusses ongoing issues with regard to special contract customers, the Company's desire to make the FCA a permanent rate mechanism, and the Company plans for expansion of time variant pricing to additional customers.

Q. Did Mr. Youngblood supervise the preparation of rate schedule proposals in this case?

A. Yes. Mr. Youngblood supervised the preparation of all rate schedule proposals in this case. Ms. Darlene Nemnich, Senior Regulatory Analyst, is the

Company witness that describes the Company's rate design proposals for residential customers. Mr. Scott D. Sparks, Senior Regulatory Analyst, is the Company witness that describes the Company's rate design proposals for all other customer classes. Mr. Sparks also discusses proposed changes with regard to Rule H (line installation provisions) and proposed changes to facilities charge computations.

III. <u>DEMAND RESPONSE INCENTIVE FUNDING</u>

Q. How does Idaho Power currently view energy efficiency and demand response programs?

A. Cost-effective demand-side management ("DSM") programs (energy efficiency and demand response programs) are considered to be the Company's resource of choice, both from a cost standpoint and from an environmental perspective. The Company believes that cost-effective DSM should be pursued aggressively and has demonstrated this belief through its enhanced efforts toward DSM in recent years. Mr. Kline and Mr. Cavanagh describe the results of these enhanced efforts in their respective testimonies.

Q. What is the Company's request with regard to the recovery of demand response incentive payments in base rates?

A. As part of this general rate case proceeding, the Company requests authorization to treat demand response incentive payments as power supply expenses and establish a base or "normal" level of cost recovery for those demand response incentive payments in rates.

Q. Has the Company requested similar regulatory treatment as part of a prior proceeding before this Commission?

A. Yes. On October 22, 2010, the Company filed Case No. IPC-E-10-27, wherein it made a similar request to move demand response incentive payments into the PCA on a prospective basis beginning June 1, 2011.

Q. What did the Commission ultimately decide in that case?

A. On April 1, 2011, the Commission issued Order No. 32217 rejecting a settlement stipulation signed by Idaho Power, Commission Staff, the Idaho Conservation League, NW Energy Coalition, Snake River Alliance, and the Community Action Partnership Association of Idaho agreeing to partial support of the Company's request. Order No. 32217 also directed the Company to include in the 2011/2012 PCA a one-time recovery of $10 million of the Energy Efficiency Rider deferral balance.

In that same order, the Commission made the following statement with regard to the requested regulatory treatment: "These and other issues are best considered in a general rate proceeding." The Commission further stated that it "anticipates reviewing proposals to adjust DSM cost recovery in Idaho Power's next rate case." In Order No. 32245 that responded to the Company's Petition for Clarification in Case No. IPC-E-10-27, the Commission reaffirmed that "the Company's proposal to include demand response incentive payments in power supply expenses may be reasonable and appropriate. But that cannot be ascertained until the specifics of a proposal are reviewed in a rate case."

In accordance with the Commission's preference to handle such matters in the context of a general rate case, the Company requests that the Commission review its proposal to treat demand response incentive payments as power supply expenses as part of this proceeding.

Q. Please describe the Company's request related to demand response incentive payments.

A. The Company is requesting authority to treat demand response incentive payments as a power supply expense and to establish a level of cost recovery in base rates. As is currently the case with the Company's PURPA-related expenses, this proposal would have the Company track any deviations between actual incentive costs and the base level for 100 percent recovery through the PCA.

Currently, the demand response programs include the A/C Cool Credit program for residential customers, the

Irrigation Peak Rewards program for irrigation customers, and the FlexPeak Management program for commercial and industrial customers. The customer incentive payments associated with these programs are primarily fixed in nature; however, the incentive payments under the Irrigation Peak Rewards program have a 75 percent fixed and 25 percent variable structure. The Company proposes to establish a base level of cost recovery in this proceeding that is comprised of a forecast of only the fixed portion of the demand response incentive payments. As actual demand response incentive payments, both the fixed and variable components, deviate from the base level included in rates, 100 percent of those deviations would be collected or refunded through the PCA.

Q. Has the Commission allowed similar regulatory treatment for other utilities in Idaho?

A. Yes. In Rocky Mountain Power's last general rate case, Case No. PAC-E-10-07, the Commission directed Rocky Mountain Power to shift the recovery of costs associated with its Irrigation Load Control program from the company's tariff rider into base rates. Order No. 32196.

Q. What is the base level amount of demand response incentives requested for recovery in this proceeding?

A. The Company has included approximately $11.3 million in its Idaho jurisdictional revenue requirement calculations associated with forecasted fixed demand response incentive payments. Mr. Tatum describes the method used to forecast the base level amount of demand response incentives in greater detail in his testimony.

Q. What are the benefits associated with the Company's demand response incentive funding proposal?

A. In recent years, the Company's expenditures related to energy efficiency and demand response have outpaced the recovery of those costs through the Energy Efficiency Rider. The Company's proposal is an effective way to immediately relieve pressure to increase the Energy Efficiency Rider percentage beyond the current 4.75 percent level. The proposed regulatory treatment will provide the Company with more timely cost recovery for programs that have been shown to provide significant customer benefits.

Q. Did Order No. 34425 issue any other Commission directives that could impact the Company's request in this general rate case proceeding?

A. Yes. Order No. 32245 also authorized the Company to account for incentives paid to customers through the Custom Efficiency Program as a regulatory asset beginning January 1, 2011.

Q. Has the Company included any recovery "on" or "of" the regulatory asset as part of the proposed revenue requirement in this case?

A. No. The revenue requirement requested in this case does not include any rate base or amortization expense associated with Custom Efficiency incentive payments. Because the Company's general rate case was essentially fully prepared at the time Order No. 32245 was issued, the Company intends to accumulate Custom Efficiency incentive payments as a regulatory asset with a carrying charge equal to the currently authorized rate of return until the Company's next revenue requirement proceeding.

IV. CASE SUMMARY

Q. Please summarize the Company's requested rate relief in this case.

A. Using 2011 test year financial information, the Company has determined its Idaho jurisdictional revenue requirement to be $917.6 million, resulting in an annual revenue deficiency of $82.6 million. An increase to annual Idaho jurisdictional revenues in the amount of $82.6 million would result in an average increase to customer rates of 9.9 percent. The presented case demonstrates that Idaho Power has been prudent in the management of its operations and finances and has diligently looked for opportunities to mitigate its requested rate relief where practicable. The Company believes that the requested rate relief would provide the minimum level of revenue needed to provide a reasonable opportunity to earn the requested rate of return.

Q. Please detail the specific approval the Company is requesting from the Commission.

A. The Company requests specific Commission approval of the following:

1. A current Idaho jurisdictional revenue requirement of $917.6 million, as quantified by Ms. Noe;

2. An authorized ROE of 10.5 percent, as recommended by Mr. Keen;

3. An authorized overall rate of return of 8.17 percent, as recommended by Mr. Keen;

4. An overall increase in revenues of $82.6 million to eliminate the current Idaho revenue deficiency, as quantified by Ms. Noe;

5. Class revenue requirements, as determined by Mr. Larkin;

6. An updated LCAR of $19.28 per megawatt-hour, as computed by Mr. Larkin;

7. Approval of the FCA as a permanent rate mechanism, as recommended by Mr. Cavanagh and Mr. Youngblood;

8. Approval of rate schedules prepared by Ms. Nemnich and Mr. Sparks; and

9. PCA base components, as presented by Mr. Tatum.

The Company believes that these determinations can reasonably be made based upon the full and detailed testimony provided by the Company in this case.

Q. Is it your opinion that the granting of the requested rate relief proposed by the Company is in the public interest?

A. Yes. The proposed rates are in the public interest because they will allow Idaho Power to continue providing safe, reliable service at reasonable rates while maintaining its financial health.

Q. Does that conclude your testimony?

A. Yes, it does.