

RECEIVED

2008 MAR -7 PM 3: 29

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 ) CASE NO. IPC-E-08-01  
AND CHARGES FOR ELECTRIC SERVICE )  
DUE TO THE INCLUSION OF THE )  
EVANDER ANDREWS PROJECT )  
INVESTMENT IN RATE BASE )  

---

IDAHO POWER COMPANY

DIRECT TESTIMONY

OF

MICHAEL J YOUNGBLOOD

1 Q. Please state your name and business address.

2 A. My name is Michael J. Youngblood and my  
3 business address is 1221 West Idaho Street, Boise, Idaho.

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

6 A. I am employed by Idaho Power Company as a  
7 Senior Pricing Analyst in the Revenue Requirement section of  
8 the Pricing and Regulatory Services Department.

9 Q. Please describe your educational background  
10 and work experience with Idaho Power Company.

11 A. In May of 1977, I received a Bachelor of  
12 Science Degree in Mathematics and Computer Science from the  
13 University of Idaho. From 1994 through 1996, I was a  
14 graduate student in the MBA program at Colorado State  
15 University.

16 I became employed by Idaho Power Company in  
17 1977. During my career, I have worked in several departments  
18 and subsidiaries of the Company, including Systems  
19 Development, Demand Planning, Strategic Planning and IDACORP  
20 Solutions. Most relevant to this testimony, is my  
21 experience within the Pricing and Regulatory Services  
22 Department.

23 From 1981 to 1988, I worked as a Rate Analyst  
24 in the Rates and Planning Department where I was responsible  
25 for the preparation of electric rate design studies and bill

1 frequency analyses. I was also responsible for the  
2 validation and analysis of the load research data used for  
3 cost of service allocations. From 1988 through 1991, I  
4 worked in Demand Planning and was responsible for load  
5 research and load forecasting functions including sample  
6 design, implementation, data retrieval, analysis and  
7 reporting. I was responsible for the preparation of the  
8 five-year and twenty-year load forecasts used in revenue  
9 projections and resource plans as well as the presentation  
10 of these forecasts to the public and regulatory commissions.

11 In 2001, I returned to the Pricing and  
12 Regulatory Services Department and have worked on special  
13 projects related to deregulation, the Company's Integrated  
14 Resource Plan, and filings with this Commission and the  
15 Oregon Public Utility Commission. In 2005, I was a member of  
16 the Peaking Resource RFP Bid Evaluation Team that selected  
17 the Evander Andrews plant which is the subject matter of  
18 these proceedings.

19 Q. Are you the same Michael J. Youngblood that  
20 provided direct rebuttal testimony in Case No. IPC-E-06-09,  
21 the Application of Idaho Power Company for a Certificate of  
22 Public Convenience and Necessity for the Evander Andrews  
23 Power Plant?

24 A. Yes I am.

25 Q. Please describe the distinction between the

1 names "Evander Andrews Power Plant" and the "Danskin CT1  
2 Power Plant" we are discussing in this proceeding.

3 A. They are both the same plant. When the  
4 winning bid for the 2005 Peaking Resource Request for  
5 Proposal was awarded to Siemens Power Generation, Inc., the  
6 project, then called the "Evander Andrews Power Plant", was  
7 to be located at the existing, approximate 40-acre Evander  
8 Andrews Power Complex located north of Mountain Home, Idaho.  
9 The new unit was to be adjacent to two 45 MW gas-fired units  
10 built by Idaho Power in 2001.

11 To avoid confusion between the "Evander  
12 Andrews Power Plant" and the "Evander Andrews Power  
13 Complex", the Company has adopted the naming convention of  
14 this plant as the "Danskin Combustion Turbine No. 1", or  
15 "Danskin CT1", which is located at the Evander Andrews Power  
16 Complex. The existing two gas-fired units built in 2001 at  
17 the Evander Andrews Power Complex are referred to as  
18 "Danskin CT Nos. 2 and 3". Throughout the rest of this  
19 testimony, I will refer to the plant as the "Danskin CT1  
20 Power Plant" and I will use the name "Danskin CT1 Project"  
21 to refer to the Danskin CT1 Power Plant and all associated  
22 transmission investment.

23 Q. Did the Commission issue an order in Case No.  
24 IPC-E-06-09 approving the Company's application for a  
25 Certificate of Public Convenience and Necessity for the

1 Evander Andrews Plant, now being called the Danskin CT1  
2 Power Plant?

3 A. Yes. The Commission, in Order No. 30201,  
4 issued on December 15, 2006, approved the Company's  
5 Application for a Certificate of Public Convenience and  
6 Necessity. On December 15, 2006 the Commission issued  
7 Certificate No. 465 for the Evander Andrews Power Plant. A  
8 copy of Certificate No. 465 is attached as Exhibit 1.

9 Q. What is the Company requesting from the  
10 Commission in this case?

11 A. The Company is asking the Commission to  
12 review the investments the Company has made to develop and  
13 integrate the Danskin CT1 Project into the Company's  
14 operating system and approve an adjustment to the Company's  
15 rates to reflect those investments and certain related  
16 expenses. This investment includes both generation and  
17 transmission investment. The Company proposes that the rate  
18 adjustment associated with the Danskin CT1 Project occur on  
19 June 1, 2008 to coincide with other adjustments to rates  
20 that will occur on that date.

21 Q. Will the Danskin CT1 Power Plant be in  
22 commercial operation on June 1, 2008?

23 A. Yes. In accordance with the agreement between  
24 Idaho Power Company and Siemens Power Generation, Inc.,  
25 care, custody and control of the Danskin CT1 Power Plant

1 will be transferred to Idaho Power on the Guaranteed  
2 Provisional Acceptance Date, which is scheduled to occur  
3 prior to April 1, 2008. Final acceptance and title transfer  
4 will occur soon thereafter.

5 Q. Will testing of the power plant occur prior  
6 to provisional acceptance of the project?

7 A. Yes. Provisional acceptance of the power  
8 plant is subject to performance tests to verify that plant  
9 characteristics such as net capacity, net heat rate, and  
10 emission levels are within tolerances contained in the  
11 purchase agreement.

12 Q. In your opinion, will the Danskin CT1 Project  
13 be used and useful on June 1, 2008?

14 A. Yes.

15 Q. Why has the Company filed this application  
16 for inclusion of the Danskin CT1 Project prior to  
17 Provisional Acceptance of the power plant?

18 A. The Company's plan has been to have the  
19 Danskin CT1 Project available to serve summer loads  
20 beginning in June 2008, as identified in Case No. IPC-E-06-  
21 09. The plant will be operational prior to June 1, 2008;  
22 however, the Company is trying to time the change in rates  
23 to coincide with the project's availability to serve the  
24 summer peak loads in June. An additional benefit to a June 1  
25 rate change is that other rate changes such as the PCA will

1 also occur on June 1, 2008, thus minimizing customer  
2 confusion associated with multiple rate changes within the  
3 same year. Provisional Acceptance and Commercial Operation  
4 will occur during the period when the Commission is  
5 reviewing the Company's application and auditing costs. The  
6 Danskin CT1 Project will be in commercial operation in time  
7 to serve anticipated summer peak loads.

8 Q. Please discuss how the Federal Energy  
9 Regulatory Commission's Standards of Conduct affect  
10 testimony related to investments in the Danskin CT1 Project.

11 A. As I mentioned before, the Danskin CT1  
12 Project includes both the Danskin CT1 Power Plant and the  
13 associated transmission investment. I will talk about the  
14 capital investment in the power plant portion of the total  
15 project separately from the investment in the transmission  
16 and interconnection facilities needed to integrate the  
17 Danskin CT1 Power Plant.

18 **POWER PLANT CONSTRUCTION EXPENDITURES**

19 Q. What is the total investment specifically  
20 related to the construction expenditures for the Danskin CT1  
21 Power Plant that the Company anticipates will have been  
22 booked by June 1, 2008 and that the Company is asking be  
23 reflected in rates?

24 A. The Company anticipates \$57,335,866 of  
25 investment associated with the Danskin CT1 Power Plant will

1 be booked by June 1, 2008. An additional \$314,995 will be  
2 booked shortly after June 1, 2008. The total amount of  
3 \$57,650,861 (\$57,335,866 + \$314,995) is the basis for the  
4 Danskin CT1 Power Plant portion of the June 1 rate change  
5 that the Company is requesting in this proceeding.

6 Q. What are some of the components that makeup  
7 the above-referenced \$57,650,861 investment in the Danskin  
8 CT1 Power Plant?

9 A. The largest portion of the \$57,650,861  
10 investment associated with the construction of the Danskin  
11 CT1 Power Plant is the contract with Siemens Power  
12 Generation, Inc. for \$49,999,000.

13 Q. What other components makeup the \$57,650,861  
14 investment in the Danskin CT1 Power Plant?

15 A. As shown in Exhibit 2, as of January 31,  
16 2008, Idaho Power had booked \$50,545,080 as Construction  
17 Work In Progress (CWIP). This amount includes \$44,999,100  
18 for the Siemens contract, \$493,386 for change orders,  
19 \$1,312,256 for sales taxes, and \$1,130,549 for engineering,  
20 oversight and support. Also included in the amount of  
21 dollars booked as of January 31, 2008 is \$2,267,022 of  
22 Allowance for Funds Used During Construction (AFUDC).

23 Q. What additional investment will the Company  
24 make in the Danskin CT1 Power Plant prior to June 1, 2008?

25 A. During the months of February, March, April



1 and May, the Company anticipates booking an additional  
2 \$6,790,786 related to the Danskin CT1 Power Plant. This will  
3 bring the total investment in the Danskin CT1 Power Plant on  
4 June 1, 2008 to \$57,335,866.

5 Q. What is the additional \$314,995 the Company  
6 is requesting as a part of \$57,650,861 investment in the  
7 Danskin CT1 Power Plant?

8 A. The final payment of \$249,995 is due on the  
9 contract price to Siemens on June 1, 2008. The Company  
10 anticipates making this payment on that date, or shortly  
11 thereafter, once all final "punch list" items and possible  
12 change orders have been completed and verified. The Company  
13 has estimated an additional \$65,000 for the month of June  
14 associated with change orders, sales taxes, engineering,  
15 oversight and support. This will bring the total investment  
16 in the Danskin CT1 Power Plant on or before June 30, 2008 to  
17 \$57,650,861.

18 Q. How does the \$57,650,861 of investment in the  
19 Danskin CT1 Power Plant compare to the Company's Commitment  
20 Estimate noted by the Commission in Order No. 30201?

21 A. The \$57,650,861 investment in the Danskin CT1  
22 Power Plant is \$2,349,139 less than the \$60,000,000  
23 Commitment Estimate provided by the Company. As noted by the  
24 Commission in Order No. 30201, the Company had added  
25 \$10,001,000 to the \$49,999,000 contract price of the Danskin

1 CT1 Power Plant to cover certain additional costs such as:  
2 sales taxes, AFUDC, the cost of Idaho Power engineering,  
3 oversight and support on the project, the cost of  
4 capitalized start-up fuel, construction change orders and  
5 other unforeseen events. As shown in Exhibit 2, sales taxes  
6 amount to \$1,492,256, AFUDC amounts to \$2,902,022, the cost  
7 of Idaho Power engineering, oversight and support on the  
8 project amounts to \$1,455,549, and the estimated cost of  
9 capitalized start-up fuel and construction change orders and  
10 other unforeseen events amount to \$400,000 and \$685,316,  
11 respectively.

12 Q. What is the total amount of investment the  
13 Company is requesting to be added to rate base for the  
14 Danskin CT1 Power Plant?

15 A. The total amount of investment in the Danskin  
16 CT1 Power Plant which the Company is requesting to be added  
17 to rate base is \$57,650,861. This amount is \$2,349,139 less  
18 than the Company's Commitment Estimate of \$60,000,000.

19 **TRANSMISSION AND INTERCONNECTION FACILITIES**

20 Q. What is the total investment in transmission  
21 and interconnection facilities required to integrate the  
22 Danskin CT1 Power Plant into the Company's system that the  
23 Company anticipates will have been booked by June 1, 2008  
24 and that the Company is asking be reflected in rates in this  
25 proceeding?

1           A.           As shown in Exhibit 3, as of January 31,  
2 2008, the total investment in transmission and  
3 interconnection facilities required to integrate the Danskin  
4 CT1 Power Plant into the Company's system is \$6,694,129.  
5 Included in this amount is \$139,811 of AFUDC.

6           During the months of February, March, April and May,  
7 the Company anticipates booking an additional \$636,987  
8 related to Danskin CT1 transmission and interconnection  
9 investment, including \$15,134 of AFUDC. This will bring the  
10 total investment in transmission and interconnection  
11 facilities associated with the Danskin CT1 Project which  
12 will be placed in service by June 1, 2008 to \$7,331,116.

13          Q.           How does the \$7,331,116 of investment in  
14 transmission and interconnection investment for the Danskin  
15 CT1 Project compare to the Company's estimates noted by the  
16 Commission in Order No. 30201?

17          A.           It is substantially less. However, as I will  
18 discuss later in my testimony, this amount is only a portion  
19 of the total cost of transmission and interconnection  
20 investment that will eventually be needed to fully integrate  
21 the Danskin CT1 Power Plant.

22          Q.           What was the cost estimate for transmission  
23 and interconnection facilities noted by the Commission in  
24 Order No. 30201?

25          A.           On November 20, 2006, at the time of the

1 evidentiary hearing for Case No. IPC-E-06-09, the 90-Day  
2 Transmission Interconnection Facility Study Report  
3 ("Facility Study Report") had not been completed. As noted  
4 in Order No. 30201, the Company's Power Delivery  
5 (transmission) Business Unit had provided a "preliminary"  
6 estimate of approximately \$22.8 million to construct the  
7 transmission and substation facilities required to upgrade  
8 the Company's transmission system from Mountain Home to the  
9 Treasure Valley load center.

10 Q. Has the Facility Study Report been completed  
11 and filed with the Commission?

12 A. Yes. On February 20, 2007, the Company filed  
13 with the Commission a copy of the Facility Study Report. The  
14 Company's Power Supply Department, as the transmission  
15 customer, was required to follow the same Large Generator  
16 Interconnection Request process that any other independent  
17 power producer would be required to follow. The Facility  
18 Study Report filed with the Commission is a result of that  
19 process. Included with the report was a list of facilities  
20 needed to integrate the Danskin CT1 Power Plant into the  
21 Idaho Power system and the estimated cost of those  
22 facilities.

23 Q. What were the estimated costs contained in  
24 the report?

25 A. To perform the Interconnect Work, the total

1 cost estimate (+/- 20%) was \$775,000. To perform the  
2 Network Upgrades the total cost (+/- 20%) was \$22,392,415.  
3 The grand total cost to perform the Interconnect and Network  
4 Upgrades was (+/- 20%) \$23,167,415, or within the range of  
5 \$18.5 million to \$27.8 million.

6 Q. Is the Company requesting that the Commission  
7 include more than \$7,331,116 for transmission and  
8 interconnection facilities in rate base in this proceeding?

9 A. No. Because of delays in construction, all  
10 of the costs of the Danskin CT1 transmission facilities have  
11 not been incurred and the Company is not asking for their  
12 inclusion in rate base at this time.

13 Q. How does the total investment in transmission  
14 and interconnection facilities the Company anticipates will  
15 have been booked by June 1, 2008 and that the Company is  
16 asking be reflected in rates at this time, compare to the  
17 estimate provided by the Facility Study Report?

18 A. The \$7,331,116 investment in transmission and  
19 interconnection facilities the Company expects to have been  
20 booked in plant investment by June 1, 2008 is \$15,836,299  
21 less than the \$23,167,415 estimate in the Facility Study  
22 Report.

23 Q. Why is there such a large difference between  
24 the Company's booked investment and the original estimate?

25 A. The primary reason for the large difference

1 is because construction of a large portion of the  
2 transmission project has been delayed due to unanticipated  
3 appeals of a required Conditional Use Permit and due to  
4 delays in the Bureau of Land Management permitting process.  
5 This portion of the project is now scheduled to be in  
6 service in October 2008.

7 Q. Please describe the reasons for the delays to  
8 the project schedule.

9 A. The overall Danskin CT1 Project involves  
10 primarily six facets: 1) Danskin station, 2) Bennett  
11 Mountain station, 3) Danskin-Bennett 230kV transmission, 4)  
12 Hubbard Station, 5) Danskin-Hubbard 230kV transmission, and  
13 6) the communications that tie all the pieces together.

14 Originally, the project schedule called for Danskin  
15 station, Bennett Mountain station, and the 230kV  
16 transmission line between them to be completed by December  
17 1, 2007. However, a delay in Danskin generator testing  
18 delayed the requested in-service date to January 2008. The  
19 Danskin-Hubbard 230kV transmission line and the Hubbard  
20 station were scheduled for completion by June 1, 2008,  
21 however this was later delayed for reasons I describe later  
22 in my testimony.

23 Q. Which facets of the transmission project  
24 related to the Danskin CT1 Power Plant will be in service on  
25 June 1, 2008?

1           A.       The Danskin station, Bennett Mountain  
2 station, Danskin-Bennett 230kV transmission line and the  
3 portion of the communications that tie these pieces together  
4 were placed in service in January 2008, meeting the  
5 generator testing deadline. The Hubbard Station, the  
6 Danskin-Hubbard 230kV transmission line and the portion of  
7 the communications associated with those facets have been  
8 delayed from June 1, 2008. They are scheduled to be placed  
9 in service in October 2008.

10           Q.       What was the reason for the delay for this  
11 portion of the overall Danskin CT1 Project?

12           A.       As I stated before, the delay on this portion  
13 of the project was due to unanticipated appeals of the  
14 required Conditional Use Permit in Ada County for the  
15 230kV transmission line segment between Danskin and Hubbard  
16 stations. The Hubbard station was delayed due to BLM  
17 permitting issues. In order to comply with all county  
18 conditional use requirements, several additional public  
19 open-houses were held, part of the line route was re-  
20 negotiated, and several hearings were held. These issues  
21 resulted in the forecasted delay to October 2008.

22           Q.       What is the expected remaining investment the  
23 Company anticipates will be booked after June 1, 2008?

24           A.       It is expected that the portion of the  
25 Danskin CT1 Project which is associated with transmission

1 and interconnection facilities that will be booked after  
2 June 1, 2008 is approximately \$19.5 million.

3 Q. What then is the total estimated cost for the  
4 transmission and interconnection facilities for the Danskin  
5 CT1 Project?

6 A. The total estimated transmission related  
7 costs expected to be booked by June 1, 2008 is \$7,331,116.  
8 The amount of dollars expected to complete the project by  
9 October 2008 is \$19.5 million. The Company will seek  
10 inclusion of this amount in rate base at a later date. The  
11 grand total of the transmission and interconnection  
12 facilities for the Danskin CT1 project by year-end 2008 is  
13 anticipated to be \$26.8 million (\$7.3 million + \$19.5  
14 million).

15 Q. How does this amount compare to the estimated  
16 total amount provided in the Facility Study Report provided  
17 to the Commission?

18 A. The anticipated cost of \$26.8 million is  
19 within the range of that originally stated in the Facility  
20 Study Report. It is \$1 million less than the \$27.8 million  
21 upper bound of that range.

22 Q. Will the Company be able to fully utilize the  
23 entire output of the Danskin CT1 Power Plant in order to  
24 meet peak demand this summer prior to completion of all  
25 transmission and interconnection facilities scheduled to be



1 on-line in October 2008?

2 A. Yes. As I mentioned before, the Danskin  
3 station, Bennett Mountain station, Danskin-Bennett  
4 230kV transmission line and the portion of the  
5 communications that tie these pieces together were placed in  
6 service in January of 2008, meeting the generator testing  
7 deadline. The Danskin-Bennett 230kV transmission line  
8 provides a radial connection to the transmission network  
9 through the Bennett Mountain Power Plant. With this segment  
10 in place, the Company will be able to fully utilize the  
11 entire output of the Danskin CT1 Power Plant in order to  
12 meet peak demand this summer.

13 Q. If the Company can utilize the full output of  
14 the Danskin CT1 Power Plant for peak loads this summer with  
15 the transmission upgrades already completed, why is the  
16 additional network upgrade a necessary part of integrating  
17 this plant?

18 A. The design for the integration of the Danskin  
19 CT1 Power Project included two 230kV transmission lines to  
20 connect the generator to the existing transmission network.  
21 The Danskin-Bennett 230kV transmission that is in place  
22 today provides a radial connection to the transmission  
23 network through the Bennett Mountain Power Plant. The  
24 second line, which was delayed and will be completed by  
25 October 2008 (the Danskin-Hubbard 230kV line), will provide

1 reliable service if there are line outages. It also  
2 provides the ability to transfer the local generation to the  
3 west during conditions of heavy east-to-west transmission  
4 system flows.

5 Idaho Power considers the risk for line  
6 outages during the 2008 summer operating season to be  
7 minimal. Additionally, the Company does not expect this  
8 summer's operating conditions to result in heavy east-to-  
9 west transmission flows that would cause curtailment of the  
10 Danskin CT1 Power Plant generation. However, if some  
11 unforeseen event were to occur, for example a wildfire,  
12 which would take out the Danskin-Bennett radial connection  
13 or worse yet, the connection between the Bennett Mountain  
14 Power Plant and the Company's transmission network, then the  
15 output from one or both of the generating plants may be  
16 lost. So while the Company will be able to fully utilize  
17 the output of the Danskin CT1 Power Plant this summer,  
18 barring any unforeseen events, it is prudent for system  
19 reliability to complete two 230kV transmission lines as were  
20 originally designed to connect the generator to the existing  
21 transmission network.

22 **REVENUE REQUIREMENT**

23 Q. What is the sum of the Danskin CT1 Power  
24 Plant and the related transmission and interconnection  
25 investment that the Company is requesting to be reflected in

1 its revenue requirement?

2 A. The total investment the Company will make by  
3 June 2008 is \$64,981,977. This amount is the summation of  
4 \$57,650,861 for the investment in the Danskin CT1 Power  
5 Plant plus \$7,331,116 for the investment in transmission and  
6 interconnection facilities related to the power plant.

7 Q. Have you quantified the change in the  
8 Company's revenue requirement as a result of the addition of  
9 the Company's investment in the Danskin CT1 Project?

10 A. Yes. I requested the preparation of Exhibit 4  
11 that demonstrates the change in the Company's revenue  
12 requirement from the level determined in Order No. 30508  
13 issued in Case No. IPC-E-07-08. The change in revenue  
14 requirement is due solely to the addition of the Danskin CT1  
15 Power Plant and the transmission and interconnection  
16 facilities booked as of June 2008, necessary to integrate  
17 the power plant to the Company's system.

18 Q. Please describe Exhibit No. 4.

19 A. Exhibit No. 4 is a two-page exhibit. Page 1  
20 of Exhibit No. 4 summarizes the system and Idaho  
21 jurisdictional rate base and net income components and  
22 quantifies the revenue deficiency associated with the  
23 addition of the Danskin CT1 Project. Page 2 of Exhibit No.  
24 4 shows the major category detail of changes in the rate  
25 base components and net income components associated with

1 the Danskin CT1 Project from levels approved by the  
2 Commission in Order No. 30508. These changes are shown on a  
3 system and Idaho jurisdictional basis. All jurisdictional  
4 allocations of FERC accounts were fixed such that the  
5 addition of the Danskin CT1 Project did not result in a re-  
6 allocation of non-Danskin CT1 Project expenses.

7 Q. What is the increase in total combined rate  
8 base which results from including the Company's investment  
9 in the Danskin CT1 Project?

10 A. As shown at line 3 on page 1 of Exhibit 4,  
11 the total combined rate base is increased by \$64,163,203.  
12 The detail for this number is found on page 2 of Exhibit 4,  
13 lines 38 through 43. The plant investment in the Danskin  
14 CT1 Power Plant of \$57,650,861 can be seen at line number 38  
15 on page 2 of Exhibit 4. Interconnection investment  
16 associated with the Danskin CT1 Power Plant (transmission  
17 plant and distribution plant) can be found at lines 39  
18 through 40 on page 2 of Exhibit 4. The total of these 3  
19 lines, \$64,981,977, less \$818,774 on line 42 for accumulated  
20 deferred income taxes, results in the \$64,163,203 increase  
21 in total combined rate base.

22 Q. What are the changes in operating income as a  
23 result of adding the Danskin CT1 Project?

24 A. As shown at line 59 on page 1 of Exhibit 4,  
25 operating income decreases by \$620,790 with the addition of

1 the Danskin CT1 Project. This is the result of total  
2 operating revenues increasing by \$4,156,333, due to  
3 increased surplus sales, and total operating expenses  
4 increasing by \$4,777,123 (\$4,156,333 - \$4,777,123).

5 Q. What are the major changes affecting the  
6 increase in total operating expenses?

7 A. The major changes in operating expenses  
8 include operation and maintenance expenses, depreciation  
9 expenses, taxes, and investment tax credits. Changes in  
10 these expenses have been included because these items are a  
11 direct cost of the new plant and can be quantified at this  
12 time. Total system operation and maintenance expenses,  
13 which are driven mainly by increases in fuel expense and  
14 decreases in purchased power costs, increase by \$1,672,756  
15 (Exhibit 4, page 1, line 9). The total system depreciation  
16 expense increases by \$1,813,550 (line 10). Together with  
17 the expenses for all taxes and investment tax credits, total  
18 operating expenses increase by \$4,777,123 (Exhibit 4, page 1,  
19 line 16).

20 Q. Has an adjustment for reduced power supply  
21 expenses resulting from the addition of the Danskin CT1  
22 Project been made in the Company's incremental revenue  
23 requirement computations?

24 A. Yes. In the Commission order following the  
25 Company's previous application to add the Bennett Mountain

1 power plant to rate base, Order No. 29790, Case No. IPC-E-  
2 05-10, the Commission ordered that "future filings by the  
3 Company reflect the associated reduction in power supply  
4 costs in base rates." On page 2 of Exhibit 4, line 66 shows  
5 the total power supply costs are reduced by \$2,613,807 on a  
6 system basis, or \$2,475,227 for the Idaho jurisdiction. As  
7 shown on lines 62 through 65, on a normalized system basis,  
8 the addition of the Danskin CT1 Power Project increases  
9 surplus sales by \$4,156,333, increases fuel expenses by  
10 \$7,914,159 (\$7,916,038 - \$1,879) and decreases firm  
11 purchases by \$6,371,633.

12 Q. Will the Company use this adjusted base for  
13 future Power Cost Adjustment (PCA) filings following the  
14 approval of this Application?

15 A. Yes. In accordance with Order No. 29790, the  
16 Company's future PCA filings will incorporate the  
17 adjustments approved in this case. (Order No. 29790, p. 10)

18 Q. What is the revenue deficiency impact to the  
19 Company with the addition of the Danskin CT1 Project?

20 A. The total system revenue deficiency is  
21 \$9,553,172. The revenue deficiency for the Idaho  
22 jurisdiction is \$9,010,952, which can be seen at line 29 on  
23 page 1 of Exhibit No. 4.

24 Q. What percentage increase is required in rates  
25 in order to recover the \$9,010,952 revenue deficiency for

1 the Idaho jurisdiction?

2 A. An increase in Idaho jurisdictional revenue  
3 of 1.39% is needed in order to recover the \$9,010,952  
4 revenue deficiency for the Idaho jurisdiction.

5 **TARIFF RATES**

6 Q. Has the Company prepared tariff sheets to  
7 reflect the incremental increase in the Company's revenue  
8 requirement?

9 A. Yes. Attachments 1 through 4 to the  
10 Company's Application in this proceeding contain tariff  
11 related information. Attachment 2 contains the tariff  
12 sheets specifying the proposed rates which reflect the  
13 revenue requirement for providing retail electric service to  
14 the Company's customers in the State of Idaho. Attachment 4  
15 to the Application shows a comparison of the revenues from  
16 the various tariff customers and special contract customers  
17 under the Company's existing rates and charges with the  
18 corresponding proposed new revenue levels resulting from the  
19 proposed rates based upon normalized energy sales reflected  
20 in Commission Order No. 30508 issued in Case No. IPC-E-07-  
21 08.

22 Q. Does this complete your testimony?

23 A. Yes.

**BEFORE THE**  
**IDAHO PUBLIC UTILITIES COMMISSION**

**CASE NO. IPC-E-08-01**

**IDAHO POWER COMPANY**

**EXHIBIT NO. 1**

**MIKE YOUNGBLOOD**



**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

**IN THE MATTER OF IDAHO POWER )  
COMPANY'S APPLICATION FOR A ) CASE NO. IPC-E-06-09  
CERTIFICATE OF PUBLIC CONVENIENCE )  
AND NECESSITY FOR THE EVANDER ) CERTIFICATE NO. 465  
ANDREWS POWER PLANT )**

On April 14, 2006, Idaho Power Company filed an Application for a Certificate of Public Convenience and Necessity to construct a new natural gas-fired generating plant at the Evander Andrews Complex near Mountain Home, Idaho pursuant to *Idaho Code* § 61-526.

IT IS HEREBY CERTIFIED that the future public convenience and necessity requires and will require Idaho Power Company authorization to construct and subsequently operate a 170 MW natural gas-fired power plant and related interconnection facilities at the Evander Andrews Complex. The Evander Andrews generating plant will be located in the Evander Andrews Complex (formerly "Danskin") in Mountain Home and will be interconnected to the natural gas transmission system. Idaho Power shall operate and maintain the Evander Andrews power plant to furnish electric energy to its customers.

THIS CERTIFICATE is predicated upon and issued pursuant to the findings of fact and conclusions of law contained in Order No. 30201 service dated December 15, 2006, in the above-referenced case.

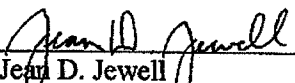
DATED at Boise, Idaho this 15<sup>th</sup> day of December 2006.

  
\_\_\_\_\_  
PAUL KJELLANDER, PRESIDENT

  
\_\_\_\_\_  
MARSHA H. SMITH, COMMISSIONER

  
\_\_\_\_\_  
DENNIS S. HANSEN, COMMISSIONER

ATTEST:

  
\_\_\_\_\_  
Jean D. Jewell  
Commission Secretary

bls/O:IPC-E-06-09\_Cert 465