

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UE 167

In the Matter of)
)
)
IDAHO POWER COMPANY,)
)
Application for general rate increase in the)
company's Oregon annual revenues.)
)
)
_____)

**SURREBUTTAL TESTIMONY
OF THE
CITIZENS' UTILITY BOARD OF OREGON**

April 29, 2005



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OF OREGON

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IDAHO POWER COMPANY,)	THE CITIZENS' UTILITY BOARD
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1 Our names are Bob Jenks and Lowrey Brown, and our qualifications are listed in
2 our opening testimony in CUB Exhibits 101 and 102 respectively.

3 **I. Introduction**

4 In our opening testimony, we presented two issues over which we disagree with
5 the Company: the value of the Company's sales for resale and the proposed seasonal rate
6 design for residential customers. Idaho Power failed to effectively rebut our testimony on
7 either of these issues. We will demonstrate that our specific concerns were not addressed
8 in the Company's rebuttal, and will stand by our opening testimony.

1 **II. The Value Of Idaho Power’s Sales For Resale**

2 The Company’s rebuttal of CUB’s testimony on the prices at which Idaho Power
3 values its sales for resale was minimal, and can be encompassed in the following quote:

4 As was similarly proposed by Staff, CUB recommends valuing all
5 sales and purchase transactions at current drought-related market
6 prices rather than recognizing that price is a reflection of supply and
7 demand rather than a spot market forecast.

8 Idaho Power/200/Said/17-18

9 Though a reference would certainly be sufficient, under the circumstances,
10 quoting ourselves doesn’t seem over-done. The following explains our use of the
11 Northwest Power and Conservation Council’s electricity prices for 2006:

12 For our proposed adjustment to power costs, we used the Council’s
13 2006 projected prices for the Southern Idaho region in order to avoid
14 prices influenced by current and/or known hydro conditions.

15 CUB/100/Jenks-Brown/3

16 In other words, we did NOT value purchases and sales at “current drought-related
17 market prices.” Idaho Power is incorrect. We would also restate that, to be conservative,
18 our calculations used on-peak prices for the Company’s purchases, while valuing its sales
19 at off-peak prices. Idaho Power’s rebuttal has demonstrated no flaw in our argument or in
20 the Council’s prices, and our opening testimony stands effectively un-rebutted. When
21 valuing the Company’s sales for resale, the Commission should use updated, realistic
22 market electricity prices such as those produced by the Northwest Power and
23 Conservation Council which are specific to the Southern Idaho region. Please see
24 CUB/100/Jenks-Brown/3-4.

1 **III. Seasonal Rates**

2 Idaho Power's rebuttal argues that, because residential customers' rates are going
3 up, residential customers will, therefore, have a conservation incentive. This is a toothless
4 argument, as any bill at all provides a conservation incentive. The issue is the strength of
5 that incentive.

6 We believe that the largest bill and the magnitude of that bill catch a residential
7 customer's eye, and thereby provide the strongest conservation incentive. Idaho Power's
8 proposal reduces this conservation incentive. Regardless of the revenue requirement and
9 whether residential customers' rates increase or decrease, the magnitude of the winter-
10 peak bill relative to the summer bill will be reduced by shifting residential customers'
11 overall electricity payments towards the summer from where they would be if those
12 customers were billed on annual, as opposed to summer-seasonal, rates. This has not been
13 disputed.

14 Nothing in the Company's rebuttal suggested to us that our conclusions were
15 incorrect, and we stand by our opening testimony. Residential customers should not be
16 billed with seasonal rates.

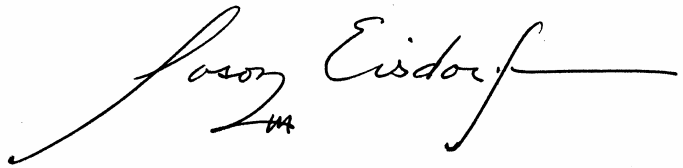
17 **IV. Conclusion**

18 CUB stands by its opening testimony which, as far as we are concerned, remains
19 un-rebutted.

CERTIFICATE OF SERVICE

I hereby certify that on this 29th day of April, 2005, I served the foregoing Surrebuttal Testimony of the Citizens' Utility Board of Oregon in docket UE 167 upon each party listed below, by email and U.S. mail, postage prepaid, and upon the Commission by email and by sending 6 copies by U.S. mail, postage prepaid, to the Commission's Salem offices.

Respectfully submitted,



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