

# McDowell & Rackner PC



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October 21, 2008

## VIA ELECTRONIC FILING

PUC Filing Center  
Public Utility Commission of Oregon  
PO Box 2148  
Salem, OR 97308-2148

**Re: UE 202 – Advice No. 08-08**

Enclosed for filing in the above Docket are an original and five copies of the Supplemental Testimony of Courtney Waites. Also enclosed is Original Sheet No. 92-1 which replaces the Original Sheet 92-1 that was filed with the Application on October 3. The Proposed Schedule 92 reflects the net rate change resulting from (1) the accelerated depreciation of the existing metering infrastructure that will be replaced by the installation of Advanced Metering Infrastructure; and (2) the revenue requirement impact of the revised depreciation rates reflected in the Company's updated depreciation studies, both of which are described in the Application to Accelerate Depreciation of Existing Metering Equipment to be Replaced by Advanced Metering Infrastructure ("AMI") Installation; and to Implement Revised Depreciation Rates for the Company's Electric Plant-In-Service and accompanying testimony.

All tariff sheets have an effective date of January 1, 2009.

Very truly yours,

A handwritten signature in black ink, appearing to read "Lisa Rackner".

Lisa Rackner

Enclosures

BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON

**UE 202**

In the Matter of Idaho Power Company's )  
Application to Accelerate Depreciation )  
of Existing Metering Equipment to be )  
Replaced by Advanced Metering )  
Infrastructure ("AMI") Installation; and to )  
Implement Revised Depreciation Rates for )  
the Company's Electric Plant-In-Service )

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**IDAHO POWER COMPANY**  
**SUPPLEMENTAL DIRECT TESTIMONY**  
**OF**  
**COURTNEY WAITES**

**October 20, 2008**

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

2           A.     My name is Courtney Waites. My business address is 1221 West  
3 Idaho Street, Boise, Idaho.

4           **Q.     Are you the same Courtney Waites that previously filed direct**  
5 **testimony in this matter?**

6           A.     Yes.

7           **Q.     What is the scope and purpose of your supplemental direct**  
8 **testimony?**

9           A.     My supplemental direct testimony will make two corrections for  
10 errors I discovered in the calculation of the accelerated depreciation and  
11 subsequent revenue requirement. Both corrections result in a reduction in the  
12 revenue requirement. With this testimony I am also filing a corrected Exhibit 1,  
13 Exhibit 2, and Attachment No. 10 to reflect the corrections explained below.

14          **Q.     Please explain the first correction you are making.**

15          A.     The first correction I am making is related to the estimated net plant  
16 value of the existing meters on December 31, 2008. The initial estimate included  
17 the actual net plant value as of March 31, 2008, and forecasted net plant values  
18 through December 31, 2008. The correction relates to the forecasted net plant  
19 values. An error was found in the calculation which understated the nine-month  
20 depreciation expense. The corrected estimated net plant value of the existing  
21 metering equipment on December 31, 2008, is \$1,318,786.

1           **Q.     Please explain the second correction you are making.**

2           A.     The second correction was an inadvertent omission in the  
3     Company's original filing. When calculating the additional revenue requirement  
4     to be recovered from customers, the Company did not incorporate the amount of  
5     the depreciation of existing metering equipment currently being recovered in  
6     rates. For the duration of the proposed tariff rider, the Company estimates it will  
7     collect \$118,470 from existing rates to recover depreciation expense associated  
8     with the existing metering equipment. This results in a reduction in the amount of  
9     revenue required to be recovered prior to equipment replacement with AMI.

10          **Q.     Do these corrections change the monthly depreciation**  
11     **expense associated with an 18-month straight line depreciation as**  
12     **requested in the original filing?**

13          A.     Yes. Using the corrected estimated net plant value of the existing  
14     metering equipment as of December 31, 2008, of \$1,318,786, an 18-month  
15     straight line depreciation would result in a monthly depreciation expense of  
16     \$73,266 for January 2009 through June 2010. The monthly depreciation  
17     expense currently being recovered through rates is \$6,582. Reducing the  
18     monthly depreciation expense of \$73,266 by the \$6,582 currently in rates, would  
19     result in a net monthly depreciation expense of \$66,684, as can be seen in the  
20     corrected Exhibit 1.

21          **Q.     Do these corrections change the estimated annual revenue**  
22     **requirement to be recovered from customers?**

1           A.     Yes. As requested in the original Application, the Company is  
2 proposing to offset the rate increase associated with accelerating the  
3 depreciation of the existing metering equipment with the rate decrease  
4 associated with the implementation of new depreciation rates. With the above  
5 corrections, the estimated 2009 revenue requirement is \$383,853, which is the  
6 annualized accelerated depreciation of \$800,208 ( $\$66,684 \times 12$  months) less the  
7 reduction in depreciation expense as a result of the new depreciation rates of  
8 \$416,355. This equates to an overall increase of 1.12%, as shown on the  
9 corrected Exhibit 2.

10           **Q.     Do these corrections change the proposal to recover the**  
11 **additional revenue requirement through the limited term tariff rider?**

12           A.     The corrections do not change the Company's proposal to recover  
13 the additional revenue requirement through the limited term tariff rider however  
14 they do change the Adjustment Rate as defined in Schedule 92 – Depreciation  
15 Adjustment Rider, which was Attachment No. 10 to the Company's original  
16 Application. A corrected Attachment No. 10 is attached.

17           **Q.     Does this conclude your testimony?**

18           A.     Yes, it does.

	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Total 2008
IT Capital Expenditures	-	-	-	-	2,797	178	3,461	3,461	3,461	-	-	-	\$ 13,357
Meter & Installation costs	-	-	-	-	-	-	-	-	-	-	-	-	\$ -
Stations Investment	-	-	-	-	-	-	-	-	-	-	-	-	\$ -
O&M Costs (Benefits)	-	-	-	-	-	-	-	-	-	-	-	-	\$ -
													\$ 13,357

Accelerated Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	\$ -
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	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Total 2009
IT Capital Expenditures	919	919	919	919	919	919	919	919	919	919	919	919	\$ 11,025
Meter & Installation costs	-	-	-	-	-	-	-	-	-	-	-	-	\$ -
Stations Investment	-	-	-	-	-	-	-	-	-	-	-	-	\$ -
O&M Costs (Benefits)	-	-	-	-	-	-	-	-	-	-	-	-	\$ -
													\$ 11,025

Accelerated Depreciation	66,684	66,684	66,684	66,684	66,684	66,684	66,684	66,684	66,684	66,684	66,684	66,684	\$ 800,212
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	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	Total 2010
IT Capital Expenditures	2,955	2,955	2,955	2,955	2,955	2,955	2,955	2,955	2,955	2,955	2,955	2,955	\$ 35,462
Meter & Installation costs	191,351	191,351	191,351	191,351	191,351	191,351	191,351	191,351	191,351	191,351	191,351	191,351	\$ 2,296,211
Stations Investment	-	-	-	-	104,111	429,241	440,756	283,768	-	-	-	-	\$ 1,257,876
O&M Costs (Benefits)	8,821	8,821	8,821	8,821	(6,310)	(9,336)	(12,362)	(15,388)	(18,414)	(21,440)	(24,466)	(27,492)	\$ (99,923)
													\$ 3,589,549

Accelerated Depreciation	66,684	66,684	66,684	66,684	66,684	66,684	-	-	-	-	-	-	\$ 400,104
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	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Total 2011
IT Capital Expenditures	326	326	326	326	326	326	326	326	326	326	326	326	\$ 3,909
Meter & Installation costs	732	1,829	1,829	1,829	1,829	1,829	2,529	2,529	2,529	2,529	2,529	2,529	\$ 25,051
Stations Investment	-	-	-	-	-	-	-	-	-	-	-	-	\$ -
O&M Costs (Benefits)	(29,001)	(29,001)	(29,001)	(29,001)	(29,001)	(29,001)	(29,001)	(29,001)	(29,001)	(29,001)	(29,001)	(29,001)	\$ (348,009)
													\$ 28,960

Accelerated Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	\$ -
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	Total
IT Capital Expenditures	\$ 63,753
Meter & Installation costs	\$ 2,321,263
Stations Investment	\$ 1,257,876
O&M Costs (Benefits)	\$ (447,932)
	\$ 3,642,891

Accelerated Depreciation	\$ 1,200,316
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Idaho Power Company  
Before the Public Utilities Commission of Oregon  
State of Oregon  
Current and Proposed Revenues  
Associated with Normalized kWh for 12-Months Ending March 2009

<u>Tariff Description</u>	(1) Rate Schedule <u>No</u>	(2) Average No. of <u>Customers</u>	(3) Normalized <u>kWh</u>	(4) Base <u>Revenue</u>	(5) AMI Depr Adj Revenue <u>Difference</u>	(6) Percent <u>Impact</u>	(7) Depr Rate Adj Revenue <u>Offset</u>	(8) Proposed Base <u>Revenues</u>	(9) Proposed Percent <u>Change</u>
Uniform Tariff Rates:									
Residential Service	1	13,637	203,752,131	\$11,948,371	\$416,267	3.48%	\$(216,619)	\$12,148,019	1.67%
Small General Service	7	2,523	18,036,663	1,219,718	36,849	3.02%	(19,176)	1,237,391	1.45%
Large Power Service									
Secondary	9S	957	118,308,650	6,547,627	241,705	3.69%	(125,779)	6,663,553	1.77%
Primary	9P	5	15,996,682	684,741	0		0	684,741	
Dusk to Dawn Lighting	15	0	443,941	117,996	0		0	117,996	
Large Power Service	19	8	301,839,827	11,006,504	0		0	11,006,504	
Irrigation Service									
Secondary	24S	1,442	51,527,180	2,655,758	105,270	3.96%	(54,781)	2,706,247	1.90%
Unmetered General Service	40	4	26,371	1,629	0		0	1,629	
Municipal Street Lighting	41	14	869,557	113,782	0		0	113,782	
Traffic Control Lighting	42	7	18,641	893	0		0	893	
<b>Total Uniform Tariffs</b>		<b>18,597</b>	<b>710,819,643</b>	<b>\$34,297,019</b>	<b>\$800,091</b>	<b>2.33%</b>	<b>\$(416,355)</b>	<b>\$34,680,755</b>	<b>1.12%</b>

SCHEDULE 92  
DEPRECIATION ADJUSTMENT RIDER

PURPOSE

To recover from Customers the accelerated depreciation of the existing metering infrastructure that will be replaced by the installation of Advanced Metering Infrastructure (AMI) less the revenue requirement impact of the revised depreciation rates.

APPLICABILITY

This Schedule is applicable to all electric energy delivered to Customers served under Schedules 1, 7, 9 Secondary, and 24 Secondary.

ADJUSTMENT RATE

The Adjustment Rates, applicable for service on and after January 1, 2009, will be:

<u>Schedule</u>	<u>Description</u>	<u>Adjustment Rate</u>
1	Residential Service	0.0979¢ per kWh
7	Small General Service	0.0979¢ per kWh
9 Secondary	Large Power Service	0.0979¢ per kWh
24 Secondary	Irrigation Service	0.0979¢ per kWh

SPECIAL CONDITIONS

1. This Schedule will terminate within six months or less of the effective date if the Company does not commence mass deployment of meters by June 30, 2009.
2. This Schedule may be temporarily suspended in order to resolve specific issues identified during the mass deployment of meters. The Company must file an application to suspend at least 45 days before the termination deadline specified in Special Condition 1.

EXPIRATION

The Depreciation Adjustment Rider included on this Schedule will expire June 30, 2010.