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February 13, 2009

VIA ELECTRONIC FILING

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

Re: UE 203 - In The Matter of IDAHO POWER COMPANY 2008 Annual Power Cost Update, October Update

Attention Filing Center:

Enclosed for filing in the captioned docket are an original and 5 copies of Idaho Power Company's Rebuttal Testimony of Scott Wright. A copy of this filing has been served on all parties to this proceeding as indicated on the attached service list.

Please contact me with any questions.

Very truly yours,

A handwritten signature in cursive script that reads "Wendy McIndoo".

Wendy McIndoo
Legal Assistant

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CERTIFICATE OF SERVICE

I hereby certify that I served a true and correct copy of the foregoing document in UE 203 on the following named person(s) on the date indicated below by email and first-class mail addressed to said person(s) at his or her last-known address(es) indicated below.


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DATED: February 13, 2009



Wendy McIndoo
Legal Assistant

BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON
UE 203

IN THE MATTER OF IDAHO POWER)
COMPANY'S 2008 ANNUAL POWER)
COST UPDATE)
_____)

IDAHO POWER COMPANY
REBUTTAL TESTIMONY
OF
SCOTT L. WRIGHT
February 13, 2009

1 **Q. Are you the same Scott L. Wright who previously submitted**
2 **testimony in this proceeding?**

3 A. Yes.

4 **Q. What is the purpose of your Rebuttal Testimony?**

5 A. My Rebuttal Testimony will help clarify the issues and concerns
6 raised by Commission Staff in this proceeding.

7 **Q. Please explain the 2.7% increase in load from the April 2008**
8 **through March 2009 year to this year's look at the April 2009 through March**
9 **2010 year.**

10 A. This year's filing of the April 2009 through March 2010 time period
11 includes the addition of a new large load customer, Hoku Materials, Inc. (Hoku),
12 which is scheduled to come online in April 2009 at 11 aMW and ramp up to 74
13 aMW by October 2009. When you combine the Hoku load to our existing
14 customer growth of 1.8%, the overall load growth is 2.7%. It is also worth
15 mentioning, that the Company's peak loads are growing at a faster rate than our
16 annual load growth. The impact of load growth absent resource additions is a
17 reduction of surplus sales opportunities and increased reliance on purchased
18 power.

19 **Q. Mr. Durrenberger talks about primary cost drivers in his direct**
20 **testimony in this case. What model inputs are included in the cost drivers**
21 **identified by Mr. Durrenberger?**

22 A. Mr. Durrenberger identified system load inputs and PURPA
23 resource inputs as the two primary cost drivers that ultimately impact power

1 supply model outputs of fuel expense, purchased power expense and surplus
2 sales revenue. He also identified some smaller impact input variables such as
3 individual coal plant fuel cost and forced outage rates.

4 **Q. Please explain why PURPA contracts have declined from the**
5 **2008-2009 filing to the current 2009-2010 filing?**

6 A. The 2008-2009 filing included several wind projects that were
7 expected to be online in 2008. However, these projects delayed their online
8 schedule. The 2009-2010 filing reflects the revised operational date for these
9 wind projects of September 2010, which is outside of the 2009-2010 study
10 period. The absence of this wind generation impacts power supply expenses by
11 reducing surplus sales opportunities and increasing reliance on purchased
12 power.

13 **Q. Mr. Durrenberger expressed some concerns regarding**
14 **quantifications of coal expenses. Please explain why the coal costs**
15 **included as \$/mmBtu grow at a different rate than the modeled AURORA**
16 **output.**

17 A. The fuel costs reviewed by Mr. Durrenberger reflect only coal costs
18 quantified in \$/mmBtu. Oil, Administrative & General (A&G), and Coal Handling
19 costs are not included in the \$/mmBtu; however, they are part of the overall fuel
20 expense. When you combine the coal costs \$/mmBtu with Oil, A&G, and Coal
21 Handling costs, the combined rate is very similar to the AURORA modeled
22 output. Minor differences between the two can be explained by the different
23 operating characteristics of each plant. The AURORA output numbers reflect the

1 cost of ramping units up and down along with varying heat rates during certain
2 hours of the year.

3 **Q. Please explain the differences in Forced Outage Rates**
4 **between the 2008-2009 run and the 2009-2010 run.**

5 A. Forced outage rates are calculated on a three year rolling average,
6 which change every year. The forced outage rate for Boardman increased by
7 1%, while Bridger decreased by 1.7%, and Valmy increased by 0.2%. The
8 Boardman plant accounts for 6% of our thermal generation, while Bridger and
9 Valmy account for the remaining 94%. Overall, these changes had minimal
10 impact on power supply expenses.

11 **Q. Mr. Durrenberger specifically identified changes in July power**
12 **supply expenses as a concern. Please explain the increase in Purchased**
13 **Power from July 2008 to July 2009.**

14 A. The load growth from July 2008 to July 2009 is 114 MW, which
15 includes the new Hoku load of 39 MW for July. When the 114 MW growth is
16 combined with the loss of 65 MW of PURPA contracts, Market Purchases are
17 forced to make up the difference.

18 **Q. In light of Mr. Durrenberger's concerns, is it appropriate to**
19 **modify the October update for APCU computations?**

20 A. No. The Company's filing of the October APCU computations is
21 methodologically correct and Mr. Durrenberger's observations and concerns are
22 reasonably explained.

1 **Q. Does this conclude your Rebuttal Testimony?**

2 **A. Yes.**