

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 ELECTRIC CUSTOMERS IN THE STATE )  
OF IDAHO. )  
\_\_\_\_\_)

CASE NO. IPC-E-05-28

IDAHO POWER COMPANY

DIRECT TESTIMONY

OF

TIMOTHY E. TATUM

1 Q. Please state your name and business address.

2 A. My name is Timothy E. Tatum and my business  
3 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 ("the  
7 Company") as a Pricing Analyst in the Pricing and Regulatory  
8 Services Department.

9 Q. Please describe your educational background.

10 A. I received a Bachelor of Business  
11 Administration degree in Economics from Boise State  
12 University in 2001. In 2005, I earned a Master of Business  
13 Administration degree from Boise State University. I have  
14 also attended electric utility ratemaking courses including  
15 "Practical Skills For The Changing Electrical Industry" a  
16 course offered through New Mexico State University's Center  
17 For Public Utilities and "Introduction to Rate Design and  
18 Cost of Service Concepts and Techniques" presented by  
19 Electric Utilities Consultants, Inc.

20 Q. Please describe your work experience with  
21 Idaho Power Company.

22 A. I became employed by Idaho Power Company in  
23 1996 as a Customer Service Representative in the Company's  
24 Customer Service Center. Over the first two years I handled  
25 customer phone calls and other customer-related

1 transactions. In 1999, I began working in the Customer  
2 Account Management Center where I was responsible for  
3 customer account maintenance in the area of billing and  
4 metering.

5 In June of 2003, after seven years in  
6 customer service, I began working as an Economic Analyst on  
7 the Energy Efficiency Team. As an Economic Analyst, I  
8 maintained proper accounting for Demand-Side Management  
9 ("DSM") expenditures, prepared and reported DSM program  
10 accounting and activity to management and various external  
11 stakeholders, conducted cost-benefit analyses of DSM  
12 programs, and provided DSM analysis support for the  
13 Company's 2004 Integrated Resource Plan ("IRP").

14 In August of 2004, I accepted a position as a  
15 Pricing Analyst in Pricing and Regulatory Services. As a  
16 Pricing Analyst, I provide support for the Company's various  
17 regulatory activities including tariff administration,  
18 regulatory ratemaking and compliance filings, and the  
19 development of various pricing strategies and policies.

20 Q. What is the scope of your testimony?

21 A. My testimony will describe the proposed  
22 changes and updates to several of the Company's service  
23 provisions within the "General Rules, Regulations and  
24 Rates." These changes include some minor organizational and  
25 clarifying changes as well as changes to non-recurring

1 charges.

2 Q. How did you arrive at the proposed changes to  
3 the Company's General Rules, Regulations and Rates?

4 A. The changes I propose to the Company's  
5 General Rules, Regulations and Rates are the result of the  
6 collaborative effort between representatives from the  
7 Company's Delivery Services Business Unit and Pricing and  
8 Regulatory Services with guidance by Ms. Brilz, the  
9 Company's Pricing Director and Mr. Gale, Vice President of  
10 Regulatory Affairs.

11 Q. Do you intend to discuss each of the proposed  
12 changes to the tariff at this time?

13 A. No. While a few of the changes I discuss are  
14 substantive in nature, a significant number of the changes  
15 are "form" or "housekeeping" in nature only and do not  
16 change the scope, effect or application of the various  
17 tariffs. The specific changes to the service provisions I  
18 address are detailed in Mr. Pengilly's Exhibit No. 53, pages  
19 1 through 40 and pages 103 through 105. These revisions are  
20 shown in legislative format in Exhibit No. 52 so that  
21 parties reviewing them will be able to readily identify the  
22 proposed changes.

23 Q. Please discuss the nature of the  
24 organizational and clarifying changes proposed for the  
25 General Rules, Regulations and Rates.





1 language that describes the Temporary Service Return Trip  
2 Charge and the Return Trip Charge in order to clarify the  
3 applicability of the charges. Also, I am recommending a  
4 revision to the name of the "Return Trip Charge" to  
5 "Underground Service Return Trip Charge" in an effort to  
6 further clarify when the charge applies.

7 Q. Please describe the additional section  
8 proposed within Rule L, Deposits.

9 A. The purpose of Rule L is to describe the  
10 Company's practices relating to customer deposits.  
11 Currently, Rule L includes individual sections that detail  
12 each step of the deposit process for large commercial and  
13 special contract customers. However, there is not currently  
14 a section describing how the Company determines when to  
15 refund customer deposits. By including an additional  
16 section detailing the deposit refund process, Rule L will  
17 now provide a complete description of the Company's deposit  
18 practices as they apply to large commercial and special  
19 contract customers.

20 Q. What changes to non-recurring charges are  
21 proposed for the Company's General Rules, Regulations and  
22 Rates?

23 A. First, there are two changes proposed within  
24 Rule F. The recommended changes include a revision to the  
25 name and applicability of the Field Collection Charge



1 termination visit, as was the case with the former Field  
2 Collection Charge.

3 Q. Why are you proposing to change the name and  
4 applicability of the Field Collection Charge?

5 A. The Company's Customer Service and Metering  
6 representatives have observed an increasing incidence of  
7 customers requesting to reschedule a connection or  
8 disconnection of existing electric service after a Company  
9 representative has arrived at the location to complete the  
10 scheduled work. There is no provision in the current tariff  
11 that specifically allows the Company to assess a fee when a  
12 customer's action prevents a Company representative from  
13 completing the service connection or disconnection except  
14 for the case of a termination visit. The Field Visit Charge  
15 will improve the equitable recovery of costs by assessing a  
16 charge directly to those customers who cause an additional  
17 Company visit to their service address.

18 Q. Will the proposed Field Visit Charge apply  
19 when a Company representative visits a location to install  
20 new service and the customer action prevents the  
21 installation?

22 A. In the case of new underground service  
23 installations and temporary service installations the  
24 Underground Service Return Trip Charge and Temporary Service  
25 Return Trip Charges proposed within Rule H would apply.

1 However, when a Company representative visits a location to  
2 install new permanent overhead service and cannot complete  
3 the installation because of customer action, the Field Visit  
4 Charge would apply.

5 Q. Does the proposed change to the Field  
6 Collection Charge include a revised charge amount?

7 A. No. I am not proposing to change the amount  
8 of the charge, simply the name and applicability of the  
9 charge. The proposed Field Visit Charge will be equal to  
10 the current Field Collection Charge, which is \$20.00 for  
11 Schedules 1, 7, and 9 and \$40.00 for Schedules 15, 19, 24,  
12 25, 40, 41, and 42.

13 Q. What is the second change recommended for  
14 Rule F?

15 A. In order to more equitably recover the costs  
16 associated with providing services offered to property  
17 managers under the Continuous Service Program, I propose to  
18 implement a Continuous Service Reversion Charge of \$10.00  
19 per transaction. This proposed charge would be defined  
20 within Rule F and the amount listed under Schedule 66.

21 Q. Please describe how the Company operates its  
22 Continuous Service Program.

23 A. The Continuous Service Program provides  
24 property managers the option to have electric service at  
25 their properties automatically transfer into their names

1 when tenants request service be discontinued. Under the  
2 Company's current practice, each time a customer requests  
3 electric service be discontinued at a location listed under  
4 a Continuous Service Program arrangement, the service  
5 remains connected and the financial responsibility for the  
6 service is shifted from the customer requesting the  
7 disconnection to the property manager. Currently, property  
8 managers are not assessed a Service Establishment Charge  
9 when service is transferred into their names.

10 Q. Why did the Company initially decide to  
11 provide services under the Continuous Service Program  
12 without a direct charge assessed to property managers?

13 A. The services provided under the Continuous  
14 Service Program have been offered without a direct charge to  
15 property managers in an effort to encourage participation in  
16 the program and to recognize the program's operational  
17 benefits.

18 The Continuous Service Program has helped the  
19 Company to utilize its personnel more effectively and  
20 efficiently and has contributed to a higher level of  
21 customer satisfaction. For instance, the Company's metering  
22 department is provided added flexibility in its scheduling  
23 of connections and disconnections through this program.  
24 During the transitioning of tenants, the Company must simply  
25 obtain a meter reading for billing purposes rather than

1 connecting and disconnecting service. This still requires a  
2 visit to the service address resulting in little or no  
3 reduction in costs. However, metering personnel are able to  
4 prioritize their work around a fewer number of service  
5 connections and disconnections.

6                   The Continuous Service Program has also  
7 reduced the need for property managers to contact the  
8 Company's Customer Service Center each time a tenant wishes  
9 to discontinue service. As a result, Company  
10 representatives are available to serve other customer needs.

11           Q.       Why are you now proposing to implement a  
12 Continuous Service Reversion Charge for customers enrolled  
13 in the Continuous Service Program?

14           A.       The original intent of the Continuous Service  
15 Program was to provide a service under which property owners  
16 and managers could have the electric service at their  
17 properties remain connected between tenants in order to  
18 prevent winter damage and have electricity available for  
19 maintenance and/or marketing of the property. It was  
20 determined that the potential operational benefits  
21 associated with the program would justify offering the  
22 service at no direct charge. However, based upon continued  
23 customer input and operating experience, the Company has  
24 implemented additional services over time not offered under  
25 the original Continuous Service Program design.



1 meter reading. In order to continue to provide a financial  
2 incentive for participation in the Continuous Service  
3 Program, the Continuous Service Reversion Charge should be  
4 lower than the current Service Establishment Charge.  
5 Accordingly, I propose to set the Continuous Service  
6 Reversion Charge at \$10.00, or 50 percent of the Service  
7 Establishment Charge. This amount will offset a portion of  
8 the costs of operating the program while still maintaining  
9 an incentive to encourage participation.

10 Q. What is the expected annual revenue to be  
11 generated from the Continuous Service Reversion Charge?

12 A. There were 33,051 instances where electric  
13 service reverted into a property manager's name under the  
14 Continuous Service Program from July 1, 2004 through June  
15 30, 2005. Based on these data, the estimated annual revenue  
16 from the Continuous Service Reversion Charge is \$330,510  
17 (33,051 x \$10.00).

18 Q. How will the Company recognize the increase  
19 to revenue generated from the new charge?

20 A. Ms. Schwendiman has made an adjustment to  
21 FERC account 451 within the Jurisdictional Separation Study  
22 to reflect an increase to the test year operating revenues  
23 in the amount of \$330,510.

24 Q. What change is proposed within Rule H?

25 A. I am proposing a minor change to Rule H,

1 which includes an adjustment to the Engineering Charge.

2 Q. Have you prepared an exhibit in support of  
3 your recommendation to change the Engineering Charge?

4 A. Yes. Exhibit No. 54 details the derivation  
5 of the proposed Engineering Charge.

6 Q. Please describe the recommended adjustment to  
7 the Engineering Charge.

8 A. Based upon the analysis detailed in Exhibit  
9 No. 54, I am proposing an increase to the Engineering Charge  
10 from \$36.00 per hour to \$50.00 per hour to more accurately  
11 reflect the current cost of providing the service. Under  
12 the existing Rule H, customers are required to prepay all  
13 engineering costs for line extensions, and/or relocations at  
14 a rate of \$36.00 per hour. Exhibit No. 54 details the  
15 current costs associated with providing engineering  
16 services. As can be seen in this exhibit, the average  
17 hourly cost associated with engineering services has  
18 increased to approximately \$60.00 in both 2004 and 2005.  
19 This cost includes labor, business and vehicle expenses and  
20 general overheads. However, the proposed Engineering Charge  
21 of \$50.00 is simply based on labor costs in order to  
22 maintain consistency with the derivation method used to  
23 determine the current \$36.00 Engineering Charge amount.

24 Q. Does this conclude your testimony?

25 A. Yes, it does.