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IDAHO PUBLIC  
UTILITIES COMMISSION

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF IDAHO POWER'S )  
APPLICATION FOR APPROVAL OF AN )  
AMENDMENT TO AN AGREEMENT BETWEEN ) CASE NO. IPC-E-08-15  
AVIMOR, LLC, AND IDAHO POWER )  
COMPANY )  
)  
AND )  
)  
FOR AUTHORITY TO IMPLEMENT A LINE )  
CAPACITY CHARGE )  
\_\_\_\_\_ )

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  
7 ("Company") as a Senior Pricing Analyst in the Pricing and  
8 Regulatory 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,  
15 including "Practical Skills For The Changing Electrical  
16 Industry," a course offered through New Mexico State  
17 University's Center For Public Utilities; "Introduction to  
18 Rate Design and Cost of Service Concepts and Techniques,"  
19 presented by Electric Utilities Consultants, Inc.; and  
20 Edison Electric Institute's "Electric Rates Advanced  
21 Course."

22 Q. Please describe your work experience with  
23 Idaho Power Company.

1           A.           I became employed by Idaho Power Company in  
2 1996 as a Customer Service Representative in the Company's  
3 Customer Service Center. Over the first two years I  
4 handled customer phone calls and other customer-related  
5 transactions. In 1999, I began working in the Customer  
6 Account Management Center where I was responsible for  
7 customer account maintenance in the areas of billing and  
8 metering.

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

18           In August of 2004, I accepted a position as a  
19 Pricing Analyst in Pricing and Regulatory Services. As a  
20 Pricing Analyst, I provided support for the Company's  
21 various regulatory activities, including tariff  
22 administration, regulatory ratemaking and compliance  
23 filings, and the development of various pricing strategies  
24 and policies.

1           In August of 2006, I was promoted to Senior Pricing  
2 Analyst. As a Senior Pricing Analyst, my responsibilities  
3 have expanded to include the development of complex  
4 financial studies to determine revenue recovery and pricing  
5 strategies. In 2007, I prepared the Company's cost-of-  
6 service study submitted as part of Case No. IPC-E-07-08 and  
7 served as the Company's cost-of-service witness in that  
8 case.

9           Q.       What is the scope of your testimony in this  
10 proceeding?

11          A.       My testimony will present Exhibit No. 1,  
12 "Transmission Lines and Distribution Substation, Rate Base  
13 Per Residential Customer." Exhibit No. 1 details the  
14 derivation of the refund amounts contained in Amendment No.  
15 1 to the August 17, 2006, Agreement to Provide Electric  
16 Transmission and Substation ("Amendment No. 1"). Amendment  
17 No. 1 is Attachment No. 1 to the Company's Application in  
18 this case.

19          Q.       In preparing your testimony, did you review  
20 any prior Commission Orders?

21          A.       Yes, I reviewed Commission Order Nos. 30322,  
22 30396, and 30510. All of those Orders were issued in Case  
23 No. IPC-E-06-23. I also reviewed the comments filed by the  
24 parties in that case.

1 Q. Based on your review of the above-referenced  
2 Commission Orders, is it your opinion that the refund  
3 amounts contained in Amendment No. 1 are computed in a  
4 manner that is consistent with the Commission's direction  
5 contained in those Orders?

6 A. Yes.

7 Q. Please explain why.

8 A. The refund amounts contained in Amendment  
9 No. 1 were computed using the same methodology determined  
10 to be acceptable by the Commission in Order No. 30322. The  
11 analysis detailed on Exhibit No. 1 simply updates the  
12 \$1,000 refund amount computed by Staff and submitted in its  
13 Comments in Case No. IPC-E-06-23 using the Company's most  
14 current costs filed in its last general rate case  
15 proceeding, Case No. IPC-E-07-08.

16 Q. Please explain your general understanding of  
17 the methodology applied by the Staff to derive the \$1,000  
18 refund amount.

19 A. Based on my review of Attachment A to  
20 Staff's Comments in Case No. IPC-E-06-23, it is my  
21 understanding that the \$1,000 refund amount was derived by  
22 dividing the Company's incremental change in residential  
23 transmission line-related and distribution substation-  
24 related rate base between the 2003 test year and the 2005

1 test year by the incremental growth in residential  
2 customers during the same period. The resulting value is  
3 intended to reflect the Company's average investment in  
4 transmission lines and distribution substation plant that  
5 is required to serve a new residential customer.

6 Q. Please describe the inputs and the  
7 computational process used to derive the values presented  
8 on Exhibit No. 1.

9 A. The analysis detailed on Exhibit No. 1  
10 applies the same methodology used by the Staff on  
11 Attachment 1 to its Comments; however, the test year values  
12 have been updated to reflect the Company's most current  
13 costs. As can be seen on Exhibit No. 1, the 2005 test year  
14 represents the base year which is then compared to the 2007  
15 test year. For the 2005 base year values, I simply used  
16 the same rate base values listed on Staff's Attachment A,  
17 column heading "IPC-E-05-28." The source of the 2007 test  
18 year rate base values is Exhibit No. 52, page 1, column  
19 (b), rows 18 and 23, Case No. IPC-E-07-08. The  
20 Transmission Substation Equipment deduction amount was  
21 derived under the method used by the Staff in its analysis.  
22 That is, the "Residential Transmission Rate Base" value was  
23 multiplied by the ratio of Transmission Substation  
24 Equipment (FERC Account 353) to Total Transmission Plant

1 (FERC Accounts 350-359) as listed on Exhibit No. 49 of Case  
2 No. IPC-E-07-08, line 40 and line 63 respectively. The  
3 average number of customers listed on Exhibit No. 1 for  
4 2005 and 2007 are identical to those filed in the  
5 respective general rate case proceedings.

6 Q. Did the Commission, in Case No. IPC-E-07-08,  
7 approve the Company's cost-of-service study that served as  
8 the basis for the updated refund amounts contained in  
9 Amendment No. 1?

10 A. No. The parties to Case No. IPC-E-07-08  
11 agreed to settle the issues in the case prior to the  
12 scheduled hearings. However, the study prepared in Case  
13 No. IPC-E-07-08 applied a cost allocation methodology for  
14 apportioning transmission- and distribution-related rate  
15 base to customer classes consistent with the methodology  
16 that the Commission has accepted in prior rate case  
17 proceedings.

18 Q. In your opinion, is the data you have  
19 presented in Exhibit No. 1 a reasonable representation of  
20 the Company's current average investment in transmission  
21 lines and distribution substation plant that is required to  
22 serve a new residential customer?

23 A. Based on the 2007 test year data, the answer  
24 is yes.

1 Q. Does this conclude your testimony?

2 A. Yes, it does.

**BEFORE THE  
IDAHO PUBLIC UTILITIES COMMISSION**

**CASE NO. IPC-E-08-15**

**IDAHO POWER COMPANY**

**TATUM, DI  
TESTIMONY**

**EXHIBIT NO. 1**

**Transmission Lines and Distribution Substation  
Rate Base Per Residential Customer**  
(Computed According to Staff's Method Used in Case No. IPC-E-06-23)

	IPC-E-07-08	IPC-E-05-28	Difference
<b>Transmission</b>			
Total Residential Transmission Rate Base	156,756,849	125,040,370	
Remove Transmission Station Equipment	<u>(59,990,846)</u>	<u>(52,857,595)</u>	
Transmission Lines	96,766,003	72,182,775	24,583,228
Average No. of Customers	386,277 (a)	359,802 (b)	26,475
Transmission Rate Base Per Customer	251	201	929
<b>Distribution</b>			
Distribution Substation Rate Base	53,142,090	48,708,348	4,433,742
Average No. of Customers	386,277	359,802	26,475
Distribution Rate Base Per Customer	138	135	167
Transmission and Distribution Per Customer	389	336	<b>1,096</b>

**Notes:**

(a) Customer count as detailed in Case No. IPC-E-07-08, Exhibit No. 58, Pg 1 of 4.

(b) Customer count as detailed in Case No. IPC-E-05-28, Exhibit No. 50, Pg 1 of 23.