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IDAHO PUBLIC
UTILITIES COMMISSION

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)
OF IDAHO POWER COMPANY FOR)
AUTHORITY TO INCREASE ITS RATES) CASE NO. IPC-E-12-14
AND CHARGES FOR ELECTRIC SERVICE)
DUE TO THE INCLUSION OF THE)
LANGLEY GULCH POWER PLANT)
INVESTMENT IN RATE BASE.)
_____)

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 83702.

4 Q. By whom are you employed and in what capacity?

5 A. I am employed by Idaho Power Company ("Idaho
6 Power" or "Company") as the Senior Manager of Cost of
7 Service.

8 Q. Please describe your educational background.

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

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

22 A. I began my employment with Idaho Power in 1996
23 as a Customer Service Representative in the Company's
24 Customer Service Center where I handled customer phone
25 calls and other customer-related transactions. In 1999, I

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

4 In June of 2003, after seven years in customer
5 service, I began working as an Economic Analyst on the
6 Energy Efficiency Team. As an Economic Analyst, I was
7 responsible for ensuring that the demand-side management
8 ("DSM") expenditures were accounted for properly, preparing
9 and reporting DSM program costs and activities to
10 management and various external stakeholders, conducting
11 cost-benefit analyses of DSM programs, and providing DSM
12 analysis support for the Company's 2004 Integrated Resource
13 Plan ("IRP").

14 In August of 2004, I accepted a position as a
15 Regulatory Analyst in Regulatory Affairs. As a Regulatory
16 Analyst, I provided 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 In August of 2006, I was promoted to Senior
21 Regulatory Analyst. As a Senior Regulatory Analyst, my
22 responsibilities expanded to include the development of
23 complex financial studies to determine revenue recovery and
24 pricing strategies, including the preparation of the
25 Company's cost-of-service studies.

1 In September of 2008, I was promoted to Manager of
2 Cost of Service and in April of 2011 I was promoted to
3 Senior Manager of Cost of Service. As Senior Manager of
4 Cost of Service I oversee the Company's cost-of-service
5 activities such as power supply modeling, jurisdictional
6 separation studies, class cost-of-service studies, and
7 marginal cost studies.

8 Q. What is the Company requesting from the Idaho
9 Public Utilities Commission ("Commission") in this
10 proceeding?

11 A. The Company is asking the Commission to review
12 the investments the Company has made to develop and
13 integrate the Langley Gulch power plant ("Langley" or
14 "Project") into the Company's operating system and approve
15 an adjustment to the Company's rates to reflect those
16 investments and certain related expenses. This investment
17 includes generation and transmission investments, as well
18 as labor and non-labor operations and maintenance ("O&M")
19 expenses. The Company proposes that the rate adjustment
20 associated with Langley occur on July 1, 2012, to coincide
21 with the anticipated on-line date.

22 Q. Please summarize your exhibits.

23 A. Exhibit No. 2 is a summary of actual and
24 projected Langley investments by plant account. Exhibit
25 No. 3 is a copy of the Company's jurisdictional separation

1 study used to derive the Idaho revenue requirement and is
2 based upon amounts from the investments that have not
3 previously been addressed in ratemaking proceedings.
4 Company witness Lisa A. Grow, Senior Vice President of
5 Power Supply, provided the anticipated Langley Gulch plant
6 investments for the end of June 2012. That amount was
7 \$398,133,778. Exhibit No. 4 details the derivation of the
8 revised Load Change Adjustment Rate ("LCAR") once the
9 Langley Gulch investments are recognized in rates.

10 Q. Did the Company receive a Certificate of
11 Public Convenience and Necessity ("CPCN") for the Langley
12 Gulch power plant?

13 A. Yes. As described in the Direct Testimony of
14 Ms. Grow, on September 1, 2009, in Order No. 30892, the
15 Commission approved the Company's request for a CPCN with
16 authorization and binding commitment to provide rate base
17 treatment for the Company's capital investment in Langley.

18 Q. In your opinion, will Langley be used and
19 useful on July 1, 2012?

20 A. Yes. Based on the information provided to me
21 by Ms. Grow, I believe Langley will be used and useful on
22 or before July 1, 2012.

23 Q. Why has the Company filed this Application for
24 inclusion of Langley prior to Substantial Completion of the
25 power plant?

1 A. Idaho Power will have ownership and operation
2 capability of Langley at the time Substantial Completion is
3 accepted by the Company. As described by Ms. Grow in her
4 testimony, the Company's plan has been to have Langley on-
5 line in time to meet peak-hour loads during the summer of
6 2012. The plant may be operational prior to July 1, 2012;
7 however, the Company is trying to time the change in rates
8 to coincide with the Project's availability to serve the
9 summer peak loads in July. Substantial Completion and
10 commercial operation will occur during the time period when
11 the Commission is reviewing the Company's application and
12 auditing costs. The Langley Project will be in commercial
13 operation in time to serve anticipated summer peak loads.

14 **I. LANGLEY GULCH POWER PLANT INVESTMENT**

15 Q. What is the total investment related to the
16 Langley Project that the Company anticipates will be booked
17 by June 30, 2012?

18 A. The Company anticipates booking \$398,133,778
19 of investment associated with the Langley Project by June
20 30, 2012.

21 Q. Is the projected investment of \$398,133,778
22 the amount of investment the Company proposes to include in
23 rates?

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1 A. No. The total investment associated with the
2 Langley Gulch power plant the Company is requesting
3 recovery of in this filing is \$390,942,172.

4 Q. Please explain the difference.

5 A. There were a number of expenditures that were
6 included in the original Company Commitment Estimate of
7 \$427,366,739 ("Commitment Estimate") that were "closed to
8 plant," or included in the Company's plant balances, by
9 December 31, 2010. These expenditures were associated with
10 site procurement, water rights, and water line land.
11 Because the Company used plant balances through December
12 31, 2010, as the "base year" amounts for its test year
13 forecast in its last general rate case filing (Case No.
14 IPC-E-11-08), those amounts are effectively already
15 included in the Company's current rates. Therefore, those
16 amounts have been excluded from this request to avoid any
17 double counting. However, these amounts are appropriately
18 considered in a reconciliation of actual investments in the
19 Langley Project to the Company's original Commitment
20 Estimate or to the Commission ordered and binding
21 Commitment Estimate.

22 Q. What are some of the components that make up
23 the above-referenced \$390,942,172 investment in Langley?

24 A. The largest portion of the \$390,942,172 is
25 related to the Engineering, Procurement, and Construction

1 ("EPC") contract for approximately \$220.6 million. The gas
2 turbine and steam turbine make up another large portion of
3 the total investment for a combined \$115.3 million.

4 Q. What other components make up the
5 \$390,942,172?

6 A. In addition to the EPC contract and gas and
7 steam turbines, the \$390,942,172 includes investments in
8 air permitting, water line construction, gas line
9 construction, capitalized property taxes, Idaho Power
10 engineering and oversight, RFP pricing components,
11 transmission, and miscellaneous equipment.

12 Q. What additional investments will the Company
13 make in Langley prior to June 30, 2012?

14 A. During the months of February, March, April,
15 May, and June, the Company anticipates booking an
16 additional \$34 million in Langley investments. The
17 majority of the investment to be made during the remaining
18 months before commercial operation is related to the EPC
19 contract. The Company will also have an investment in
20 start-up fuels in May and June 2012. A summary of the
21 anticipated investments by plant account for February,
22 March, April, May and June is attached as Exhibit No. 2.

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1 the change (a reduction) in power supply expenses. Changes
2 in these expenses have been included because these items
3 are a direct cost of the new plant and can be quantified at
4 this time. Exhibit No. 3 presents the expenses included in
5 this filing.

6 Q. Please describe these expenses.

7 A. In compliance with Order No. 30892 at page 40,
8 the Company contracted with Gannett Fleming, Inc. to
9 perform a new depreciation study which was recently filed
10 with the Commission in Case No. IPC-E-12-08. The
11 depreciation expense and reserve adjustments were
12 calculated using the results of this new depreciation
13 study. The Company's depreciation consultant, John J.
14 Spanos, performed an on-site visit to Langley and included
15 Langley depreciation rates in his study. Depreciation
16 expense will increase approximately \$13 million which
17 results in a reserve adjustment of approximately \$6.5
18 million.

19 Property tax and property insurance expenses were
20 estimated using the June 30, 2012, projected Langley
21 investment value. Property insurance premiums have been
22 provided by the insurer. These expenses are \$1.4 million
23 and \$230,000, respectively.

24 The Company has included the additional \$2 million
25 of labor associated with the hiring of 17 new full-time

1 employees stationed at the plant that occurred in the
2 second half of 2011 but was not included in the Company's
3 test year expenses approved in the last general rate case,
4 Case No. IPC-E-11-08. Non-labor O&M of \$2.6 million
5 associated with chemicals and consumables that are required
6 to run the plant has also been included.

7 While the Company has increased expenses associated
8 with the Langley investment, the addition of the resource
9 will provide a benefit to customers through reduced power
10 supply expenses. In the Commission order following the
11 Company's application to add the Bennett Mountain power
12 plant to rate base, Order No. 29790, Case No. IPC-E-05-10,
13 the Commission ordered that "future filings by the Company
14 reflect the associated reduction in power supply costs in
15 base rates." The net benefit is approximately \$7.7 million
16 annually, on an Idaho jurisdictional basis. This net
17 benefit was derived by reevaluating the Company's currently
18 approved base level net power supply expense, which was
19 based on a 2010 test period. The revised base level net
20 power supply expense was determined using the AURORA model
21 with the original 2010 load and resource inputs, with the
22 exception of the addition of Langley Gulch as a resource.
23 On a normalized system basis, the addition of Langley is
24 projected to increase surplus sales by \$32,271,040,

25

1 increases fuel expenses by \$45,346,390 (\$45,871,730 -
2 \$525,340), and decreases firm purchases by \$21,179,510.

3 Q. Will the Company use this adjusted base for
4 future Power Cost Adjustment ("PCA") filings following the
5 approval of this Application?

6 A. Yes. In accordance with Order No. 29790, the
7 Company's future PCA filings will incorporate the
8 adjustments approved in this case.

9 Q. Does the change in net power supply expenses
10 impact the LCAR that is part of the PCA?

11 A. Yes.

12 Q. Please explain the LCAR.

13 A. The LCAR is a component of the PCA that is
14 intended to eliminate recovery or refund of power supply
15 expenses associated with changes in load resulting from
16 changing weather conditions, a growing customer base, or
17 changing customer use patterns. It is calculated based on
18 the energy classified portion of embedded production
19 revenue requirement as established in the cost-of-service
20 study. The inclusion of the Langley investment in base
21 rates will change the energy classified portion of the
22 embedded production revenue requirement.

23 Q. Have you determined the appropriate level of
24 the LCAR based upon the inclusion of the Langley investment
25 in base rates?

1 A. Yes. By applying the methodology established
2 by Commission Order No. 32206 in Case No. GNR-E-10-03, the
3 LCAR should be decreased from the current level of \$18.16
4 per megawatt-hour to \$17.64 per megawatt-hour.

5 Q. Have you prepared an exhibit that details the
6 derivation of the revised LCAR?

7 A. Yes. Exhibit No. 4 details the derivation of
8 the \$17.64 LCAR amount. As can be seen on Exhibit No. 4,
9 the numerator of the LCAR rate has been updated to reflect
10 the change in net power supply expenses resulting from the
11 addition of Langley Gulch as a resource.

12 Q. What is the increase in total combined rate
13 base which results from including the Company's investment
14 in Langley?

15 A. As shown on Exhibit No. 3, the total combined
16 rate base is increased by \$336,701,102. The total is
17 comprised of the plant investment in Langley of
18 \$373,973,801, less \$6,534,894 for accumulated depreciation,
19 less \$30,737,806 for accumulated deferred income taxes, and
20 results in the \$336,701,102 increase in total combined rate
21 base.

22 Q. What are the changes to operating income as a
23 result of adding Langley?

24 A. Operating income decreases by \$9,996,818 with
25 the addition of Langley, as can be seen on Exhibit No. 3.

1 This is the result of total operating revenues increasing
2 by \$30,780,672, due to increased surplus sales, and total
3 operating expenses increasing by \$40,777,490 (\$30,780,672 -
4 \$40,777,490).

5 Q. What is the Idaho jurisdictional revenue
6 deficiency impact to the Company with the addition of
7 Langley?

8 A. The revenue deficiency for the Idaho
9 jurisdiction is \$59,869,823 as shown on Exhibit 3.

10 Q. What percentage increase is required in rates
11 in order to recover the \$59,869,823 revenue deficiency for
12 the Idaho jurisdiction?

13 A. An increase in Idaho jurisdictional revenue of
14 7.18 percent is needed in order to recover the \$59,869,823
15 revenue deficiency for the Idaho jurisdiction.

16 **III. REVENUE SPREAD AND RATE DESIGN**

17 Q. What is the Company's proposed method of
18 assigning the revenue deficiency of \$59,869,823 to
19 individual classes of customers?

20 A. The Company proposes to assign the revenue
21 deficiency of \$59,869,823 to each individual customer class
22 in proportion to each class's respective current base rate
23 revenue, resulting in a uniform percentage increase of 7.18
24 percent for each class.

25

1 Q. What is the Company's rationale for proposing
2 a uniform percentage allocation in this proceeding?

3 A. The Company's last general rate case, IPC-E-
4 11-08, was a settled case in which the parties to the case
5 were unable to reach agreement on an appropriate cost-of-
6 service methodology to be used to set rates. As a result,
7 the parties agreed to a uniform percentage increase for all
8 customer classes. In light of the differing views on cost-
9 of-service methodologies that still exist among those same
10 parties, the Company proposes the same allocation approach
11 be used to set rates in this case.

12 Q. How was the appropriate level of base revenues
13 attributable to the Electric Service Agreement ("ESA") with
14 Hoku Materials, Inc. ("Hoku") determined for the purpose of
15 allocating the Idaho jurisdictional revenue deficiency?

16 A. On February 17, 2012, the Company, Hoku, and
17 Commission Staff filed a settlement stipulation in Case No.
18 IPC-E-12-02 requesting Commission approval of a reformed
19 ESA between the Company and Hoku. Under the terms of the
20 proposed reformed contract, Hoku's monthly minimum billed
21 energy charge is set at \$800,000 through June 2013, which,
22 as stated on page 5 of the proposed stipulation, is "to be
23 applied by Idaho Power to First Block Demand, Second Block
24 Demand, and First Block Energy charges." Further, on pages
25 5 and 6, the stipulation states, "Idaho Power's accounting

1 for each of these components will be treated the same as
2 the current treatment for each component under the current
3 [Amended Electric Service Agreement].”

4 For the purpose of allocating the Idaho
5 jurisdictional revenue deficiency in this proceeding, the
6 Company calculated base retail revenues for the June 1,
7 2012, through May 31, 2013, test year according to the
8 terms of the filed settlement stipulation. As stated
9 above, expected payments from Hoku over the 12-month test
10 period reflect charges associated with First Block Demand,
11 Second Block Demand, and First Block Energy. Because First
12 Block Energy charges are treated as surplus sales for
13 ratemaking purposes, they are not included in the
14 allocation basis for the revenue deficiency. The remaining
15 two components, First Block and Second Block Demand, were
16 calculated for the June 1, 2012, through May 31, 2013, time
17 period to match the 2012 PCA test year. The total revenue
18 associated with these charges, calculated at \$2,835,760,
19 was used as the allocation basis for Hoku’s portion of the
20 revenue deficiency.

21 Q. What is the Company’s proposal with regard to
22 rate design in this case?

23 A. The Company proposes to increase all base rate
24 components for each customer class on a uniform percentage
25 basis, with the exception of the service charge. The

1 Company is not recommending changes to the service charges
2 in this case because the service charge is generally
3 associated with the recovery of metering, customer service,
4 and billing costs and not with cost recovery related to
5 generating facilities.

6 **IV. TARIFF RATES**

7 Q. Has the Company prepared tariff sheets to
8 reflect the incremental increase in the Company's revenue
9 requirement?

10 A. Yes. Attachment Nos. 1 through 3 to the
11 Company's Application in this proceeding contain tariff
12 related information. Attachment Nos. 1 and 2 contain the
13 tariff sheets specifying the proposed rates on July 1,
14 2012, which reflect the revenue requirement for providing
15 retail electric service to the Company's customers in the
16 state of Idaho, in both clean and legislative format,
17 respectively. Attachment No. 3 to the Application shows a
18 comparison of revenues from various tariff customers under
19 Idaho Power's current rates and charges with the
20 corresponding proposed new revenue levels resulting from
21 the proposed rates in this case.

22 Q. Does this conclude your testimony?

23 A. Yes, it does.

24

25

**BEFORE THE
IDAHO PUBLIC UTILITIES COMMISSION
CASE NO. IPC-E-12-14**

IDAHO POWER COMPANY

**TATUM, DI
TESTIMONY**

EXHIBIT NO. 2

Langley Estimated Close to Plant
By Plant Account
February 2012 thru June 2012

Plant Account Description	January		February		March		April		May		June	
	Total As Of 1/31/2012	Additions	Balance									
Other Production												
340 Land & Land Rights - Other Prod	90,311.60		90,311.60		90,311.60		90,311.60		90,311.60		90,311.60	
341 Structures & Improvements - Other Prod	13,623,111.92	203,364.98	13,726,476.90	172,826.97	13,899,303.87	188,060.72	14,087,364.60	340,064.69	14,427,429.28	218,279.05	14,645,708.33	
342 Fuel Holders, Producers, Access - Other Prod	8,282,916.05	124,561.05	8,407,477.10	105,856.52	8,513,333.62	115,187.19	8,628,520.81	208,289.62	8,836,810.44	133,695.92	8,970,496.35	
343 Prime Movers - Other Prod	203,726,081.08	3,063,693.48	206,789,774.56	2,603,698.31	209,393,472.87	2,833,194.76	212,226,667.63	5,123,074.51	217,349,742.14	3,286,373.83	220,637,595.97	
344 Generators - Other Prod	59,928,980.19	886,162.92	59,813,123.11	753,093.52	60,566,216.63	819,474.59	61,385,691.23	1,481,831.87	62,867,523.10	951,150.94	63,818,674.04	
345 Accessory Electric Equipment - Other Prod	47,833,736.40	714,827.92	48,548,564.32	607,486.80	49,156,051.12	661,033.43	49,817,084.55	1,195,327.37	50,712,411.93	767,250.85	51,479,662.77	
346 Misc Power Plant Equipment - Other Prod	6,086,400.36	91,614.24	6,178,014.61	77,772.14	6,254,686.74	84,627.32	6,339,314.07	163,029.11	6,492,343.18	98,226.67	6,590,569.85	
Total Other Production	338,166,109.51	5,084,124.69	343,250,234.20	4,320,674.26	347,570,908.46	4,701,518.03	352,274,428.49	8,501,517.17	360,776,043.66	5,456,976.16	366,233,019.81	
Transmission												
350 Land & Land Rights - Transmission	495,369.09		495,369.09		495,369.09		495,369.09		495,369.09		495,369.09	
352 Structures & Improvements	843,371.17	20,128.77	863,499.94	27,233.04	890,732.98	194,805.05	1,085,538.03	42,625.63	1,128,163.66	33,153.27	1,161,316.92	
353 Station Equipment	6,644,099.34	134,707.92	5,778,807.26	182,251.89	5,961,059.15	1,303,695.32	7,264,754.48	285,263.83	7,550,018.31	221,871.87	7,771,890.17	
354 Towers & Fixtures	4,660,094.79	265,764.88	4,925,859.67	309,692.96	5,235,552.63	264,886.32	5,500,438.95	308,814.40	5,809,253.35	264,007.76	6,073,261.11	
355 Poles and Fixtures	1,662,720.78	88,551.56	1,641,272.34	103,188.18	1,744,460.52	88,258.83	1,832,719.34	102,895.45	1,935,614.79	87,966.09	2,023,580.88	
356 Overhead Conductors, Devices	3,844,764.35	196,720.01	4,041,474.36	229,235.72	4,270,710.08	196,059.70	4,466,779.78	228,585.40	4,695,365.18	195,419.39	4,890,784.57	
Total Transmission Plant	17,040,409.52	705,873.14	17,746,282.66	861,601.79	18,607,884.45	2,047,716.22	20,654,599.67	966,184.71	21,620,784.38	802,418.37	22,423,202.76	
Distribution												
364 Poles, Towers, & Fixtures	393,241.44	16,444.57	409,686.00	23,022.39	432,708.40	95,378.49	528,086.89	105,245.23	633,332.12	82,222.84	715,554.95	
365 Overhead Conductors, Devices	248,036.27	10,943.31	258,979.58	15,320.63	274,300.22	63,471.20	337,771.42	70,037.19	407,808.61	54,716.55	462,525.16	
366 Underground Conduit	14,418.66	337.00	14,755.66	471.80	15,227.44	1,954.59	17,182.03	2,156.78	19,338.81	1,684.99	21,023.80	
367 Underground Conductors, Devices	66,636.46	2,117.62	67,654.08	2,964.67	70,618.74	12,282.19	82,900.94	13,552.76	96,453.70	10,368.10	107,041.80	
368 Line Transformers	383,086.57	14,773.24	397,859.81	20,682.54	418,542.35	85,664.80	504,207.15	94,548.75	598,755.90	73,866.21	672,622.11	
369 Services	12,081.20	701.32	12,782.51	981.85	13,764.36	4,087.65	17,852.01	4,488.44	22,320.45	3,506.60	25,827.05	
370 Meters	4,722.72	223.15	4,945.87	312.41	5,258.27	1,294.25	6,552.52	1,428.14	7,980.66	1,115.73	9,096.40	
Total Distribution Plant	1,121,103.30	45,640.20	1,166,643.50	63,766.28	1,230,399.79	284,133.18	1,494,632.36	291,467.30	1,786,990.26	227,701.01	2,013,691.27	
General												
391 Office Furniture, Equipment	3,329.84	0.00	3,329.84	0.00	3,329.84	0.00	3,329.84	347.93	3,677.77	695.85	4,373.62	
392 Transportation Equipment	115,712.17	0.00	115,712.17	0.00	115,712.17	0.00	115,712.17	17,868.15	133,435.90	35,736.31	159,172.21	
397 Communication Equipment	105,587.76	0.00	105,587.75	0.00	105,587.75	0.00	105,587.75	18,216.08	123,803.83	36,432.16	140,235.99	
Total General Plant	224,609.76	0.00	224,609.76	0.00	224,609.76	0.00	224,609.76	18,216.08	242,825.84	36,432.16	279,268.00	
Total	366,664,232.19	5,836,637.93	362,389,770.12	6,236,032.34	367,625,602.46	7,013,366.42	374,639,168.88	9,779,475.26	384,418,644.14	6,523,627.70	390,942,171.84	

**BEFORE THE
IDAHO PUBLIC UTILITIES COMMISSION**

CASE NO. IPC-E-12-14

IDAHO POWER COMPANY

**TATUM, DI
TESTIMONY**

EXHIBIT NO. 3

**IDAHO POWER COMPANY
 JURISDICTIONAL SEPARATION STUDY
 LANGLEY REVENUE REQUIREMENT
 FOR THE TEST YEAR ENDING DECEMBER 31, 2012**

DESCRIPTION	ALLOCI/ SOURCE	TOTAL SYSTEM	IDAHO RETAIL
4 SUMMARY OF RESULTS			
5 RATE OF RETURN UNDER PRESENT RATES			
6 TOTAL COMBINED RATE BASE		351,994,174	336,701,102
7			
8 OPERATING REVENUES			
9 FIRM JURISDICTIONAL SALES		0	0
10 HOKU 1ST BLOCK ENERGY SALES		0	0
11 SYSTEM OPPORTUNITY SALES		32,274,040	30,780,672
12 OTHER OPERATING REVENUES		0	0
13 TOTAL OPERATING REVENUES		32,274,040	30,780,672
14 OPERATING EXPENSES			
15 OPERATION & MAINTENANCE EXPENSES		28,080,105	27,854,301
16 DEPRECIATION EXPENSE		13,662,682	13,069,788
17 AMORTIZATION OF LIMITED TERM PLANT		0	0
18 TAXES OTHER THAN INCOME		1,432,047	1,369,989
19 REGULATORY DEBITS/CREDITS		0	0
20 PROVISION FOR DEFERRED INCOME TAXES		64,251,378	61,475,612
21 INVESTMENT TAX CREDIT ADJUSTMENT		11,140,104	10,658,833
22 FEDERAL INCOME TAXES		(64,153,899)	(61,266,951)
23 STATE INCOME TAXES		(12,963,928)	(12,382,082)
24 TOTAL OPERATING EXPENSES		41,448,480	40,777,490
25 OPERATING INCOME		(10,667,818)	(9,996,818)
26 ADD: IERCO OPERATING INCOME		0	0
27 CONSOLIDATED OPERATING INCOME		(10,667,818)	(9,996,818)
28 RATE OF RETURN UNDER PRESENT RATES		-3.03%	-2.97%
29			
30 DEVELOPMENT OF REVENUE REQUIREMENTS			
31 RATE OF RETURN		7.860%	7.860%
32			
33 RETURN		27,650,990	26,464,707
34 EARNINGS DEFICIENCY		38,318,808	36,461,525
35 ADD: CWIP (HELLS CANYON RELICENSING)		0	0
36 DEFICIENCY WITH CWIP		38,318,808	36,461,525
37			
38 NET-TO-GROSS TAX MULTIPLIER		1.642	1.642
39 REVENUE DEFICIENCY		62,919,483	59,869,823
40			
41 FIRM JURISDICTIONAL REVENUES			833,280,105
42 PERCENT INCREASE REQUIRED			7.18%
43			
44 SALES AND WHEELING REVENUES REQUIRED			59,869,823

**BEFORE THE
IDAHO PUBLIC UTILITIES COMMISSION
CASE NO. IPC-E-12-14**

IDAHO POWER COMPANY

**TATUM, DI
TESTIMONY**

EXHIBIT NO. 4

IDAHO POWER COMPANY
Development of Load Change Adjustment Rate
Langley Gulch Net Power Supply Expense Reduction
Case No. IPC-E-12-13

	A	B	C	D	E
	Energy-Related Generation Function Revenue Requirement Case No. IPC-E-11-08	Langley Gulch Reduction to Net Power Supply Expenses DI Tatum, p. 10, l. 12	Adjusted Energy-Related Generation Function Revenue Requirement A - B	2011 Test Year Idaho Jurisdictional Load at Generation Level (MWh) Case No. IPC-E-11-08	Load Change Adjustment Rate (\$/MWh) C + D
Source					
Generation Function Energy-Related	\$269,169,757	\$7,732,030	\$261,437,727	14,822,063	\$17.64