

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION	)	
OF IDAHO POWER COMPANY FOR	)	CASE NO. IPC-E-25-16
AUTHORITY TO INCREASE ITS RATES	)	
AND CHARGES FOR ELECTRIC SERVICE	)	
IN THE STATE OF IDAHO AND	)	
AUTHORITY TO IMPLEMENT CERTAIN	)	
MEASURES TO MITIGATE THE IMPACT	)	
OF REGULATORY LAG.	)	

IDAHO POWER COMPANY

DIRECT TESTIMONY

OF

TIMOTHY E. TATUM

IN SUPPORT OF SETTLEMENT STIPULATION

1 "Stipulating Party" or collectively referred to as the
2 "Stipulating Parties." The signed Stipulation and
3 accompanying exhibits are provided as Attachment 1 to the
4 Company's Motion for Approval of Stipulation and Settlement
5 and Request for Accounting Order filed contemporaneously
6 herewith. My testimony also expresses Idaho Power's
7 support for the Stipulation, which settles all issues that
8 arose in this case ("Proposed Settlement") and urges the
9 Commission to adopt the Proposed Settlement without
10 material change or condition.

11 Q. Do you believe that the Proposed Settlement
12 is in the public interest?

13 A. Yes. The Stipulating Parties have agreed to
14 settle the issues identified in the Stipulation, thus
15 indicating their satisfaction with the outcome. From the
16 Company's perspective, the Proposed Settlement provides the
17 Company with the ability to update its rates to better
18 reflect current costs and a reasonable opportunity under
19 current conditions to finance new investments in
20 infrastructure for its system under relatively reasonable
21 terms and costs. The Company also believes that the rates
22 that result from the Stipulation are just and reasonable
23 for its customers.

1 Deadline, and Notice of Suspension of Proposed Effective
2 Date, which also designated the proceeding as a general
3 rate case. Intervenor status was subsequently granted to
4 City of Boise, CEO, FEA, IIPA, IdaHydro, ICIP, Kroger,
5 Micron, NWECA, and John Gannon, Deborah Fease, Amy Lorraine,
6 and Randy Morris ("Gannon, et al., pro se"). These entities
7 are collectively referred to as the "Parties." The Parties
8 consulted informally in July to devise a proposed schedule
9 for completing discovery, filing testimony, and holding
10 hearings in this proceeding. The Parties also agreed to
11 engage in settlement discussions in accordance with
12 Procedural Rule 272 with a view toward resolving the issues
13 in this case and tentatively scheduled settlement
14 discussions for September 2025.

15 Q. Did Staff and other Parties conduct a
16 thorough examination of the Company's filing?

17 A. Yes. The Staff and Parties conducted
18 extensive discovery on Idaho Power's filing. Over the
19 course of this proceeding, the Company provided responses
20 to approximately 370 data requests, the majority of which
21 were from Staff. In addition, Staff auditors and engineers
22 met with Company personnel to review the underlying
23 accounting data and capital project documentation that was
24 the basis for the Company's filed revenue requirement.

1 Additionally, Staff conducted on-site visits of certain
2 transmission, distribution, battery, security, and
3 communication projects.

4 **III. OVERVIEW OF THE PROPOSED SETTLEMENT**

5 Q. How did the Stipulating Parties arrive at
6 the Stipulation?

7 A. On September 2, 2025, Commission Staff
8 provided notice of settlement negotiations to all Parties
9 of record. All Parties were given an opportunity, whether
10 in person or virtually, to participate in or be apprised of
11 the course of settlement negotiations, which were held on
12 September 9, September 29, and October 6, 2025. The
13 Stipulation is the product of the settlement discussions
14 held on those dates.

15 Q. Have all Parties in this case joined in the
16 Stipulation?

17 A. No. Gannon, et al., *pro se*, and IdaHydro did
18 not join in the Stipulation; the former has indicated it
19 will not object to the settlement while the latter has not
20 indicated a position.

21 Q. Does the Company believe the Proposed
22 Settlement is fair, just, and reasonable?

23 A. Yes. It represents a compromise among
24 differing points of view, with concessions made by each

1 Stipulating Party, to reach a balancing of interests and
2 has broad-based support from a variety of stakeholder
3 interests including Staff, City of Boise, CEO, FEA, IIPA,
4 ICIP, Kroger, Micron, and NWECC. In addition, the Proposed
5 Settlement is supported by the extensive audit work
6 conducted through the discovery process, including various
7 onsite and virtual conference discussions with Commission
8 Staff, and diligent, good-faith negotiations by the
9 Stipulating Parties in this proceeding.

10 Q. What is the Idaho jurisdictional revenue
11 increase to which the Stipulating Parties agree?

12 A. The Stipulating Parties agree that Idaho
13 Power shall be allowed to increase annual Idaho
14 jurisdictional retail revenues by approximately \$110
15 million, or 7.48 percent, effective January 1, 2026.

16 Q. Please describe the Stipulation's terms
17 related to cost of capital.

18 A. The Stipulating Parties agreed to a 9.6
19 percent return on equity ("ROE") and a 7.410 percent
20 overall rate of return ("ROR") based on the filed cost of
21 debt and capital structure. This cost of capital adjustment
22 served to reduce the Company's rate request by \$27,687,577.

23 Q. What are the Stipulation's terms related to
24 rate base?

1 A. The Stipulating Parties agreed to an
2 authorized Idaho jurisdictional rate base of
3 \$4,881,563,721. This rate base value reflects the following
4 adjustments to plant in service, which reduced the test
5 year revenue requirement by \$21,605,673: 1) modification to
6 the plant forecast from a 13-month average to a December
7 2025 average of monthly averages ("AMA") utilizing actual
8 plant additions for January through July 2025, 2) the
9 removal of the annualizing adjustments associated with
10 projects over \$2 million, 3) updating the forecast for
11 projects under \$2 million based on actual plant additions
12 for January through July 2025, 4) removal of the C.J.
13 Strike Boat Barrier project, which is not expected to close
14 to plant in 2025, and 5) removal of the Wood River Valley
15 ("WRV") distribution line. In addition, the Stipulating
16 Parties agreed to reduce the filed request by \$1,411,447 to
17 reflect higher actual customer advance balances as of July
18 2025 compared to the forecasted balances included in the
19 original filing as well as a further reduction to the filed
20 request of \$986,816 to include the Boardman to Hemingway
21 seller's security deposit received from the Bonneville
22 Power Administration ("BPA"). The combined impact of the
23 stipulated rate base adjustments reduced the Company's rate
24 request by \$24,003,936.

1 Q. What are the Stipulation's terms related to
2 revenue forecast?

3 A. The Stipulating Parties agreed to reduce the
4 filed request by \$9,054,540 to reflect an update to the
5 revenue forecast based on normalized actual sales revenue
6 through July 2025.

7 Q. What are the Stipulation's terms related to
8 expenses?

9 A. The Stipulating Parties agreed to three
10 categories of expense adjustments that when combined
11 totaled a \$6,456,796 reduction to the Company's rate
12 request. The categories of expense adjustments are as
13 follows: 1) Executive Compensation, Training, and Travel,
14 2) Board of Directors Comp and Expenses, 3) Miscellaneous
15 Administrative and General Expenses Adjustments. The
16 rationale for each of these adjustments is detailed in the
17 Stipulation.

18 Q. What are the Stipulation's terms regarding
19 deferrals and other rate mechanisms?

20 A. The Stipulating Parties agreed to five
21 separate revenue requirement adjustments that either adjust
22 the timing of cost recovery or move recovery to other rate
23 mechanisms. The total net impact of these adjustments is a
24 reduction to the Company's rate request of \$21,879,691. The

1 revenue requirement adjustments in this category are as
2 follows: 1) Wildfire operations and maintenance ("O&M")
3 Adjustment, 2) Insurance Base, 3) Wildfire Deferral
4 Amortization, 4) Net Power Cost Update - Gas Prices, and 5)
5 Net Power Cost Update - Energy Imbalance Market ("EIM").
6 The rationale for each of these adjustments is detailed in
7 the Stipulation.

8 Q. What are the Stipulation's terms regarding
9 the class cost of service to be used to inform class-
10 specific cost allocation and rate design?

11 A. The Stipulating Parties do not agree on any
12 particular cost-of-service methodology. The Company's
13 filed cost-of-service methodology, updated to reflect
14 customer, energy, and demand allocators based on January
15 through July normalized actuals and the settled revenue
16 requirement ("Settlement CCOS Study"), has been utilized on
17 a limited basis to inform a starting point for revenue
18 allocation, Schedule 9, Schedule 19, and Schedule 30 rate
19 design, Fixed Cost Adjustment ("FCA") rates, the Sales
20 Based Adjustment Rate ("SBAR") used in the Power Cost
21 Adjustment ("PCA"), special contract pricing, and optional
22 service offerings including Schedules 31, 45, 46, and 62.

23 Q. Please describe the Stipulation's terms
24 related to revenue spread.

1 A. The Stipulating Parties agree that the
2 above-described \$110 million revenue increase should be
3 recovered by implementing tariffs in conformance with the
4 Rate Spread set forth in Exhibit No. 1 to the Stipulation.
5 The revenue allocation was generally developed using a
6 method to increase the prices for each customer class
7 ranging between approximately 0.3 times (2.38 percent) to
8 1.3 times (9.89 percent) of the overall 7.48 percent
9 increase.

10 Q. Please describe the Stipulation's terms
11 related to rate design.

12 A. For settlement purposes, the Stipulating
13 Parties agree to the rate design and related tariff
14 provisions proposed by the Company in Mr. Anderson's direct
15 testimony, updated to reflect the Settlement CCOS Study,
16 with the following exceptions:

17 Service Charges: The Stipulating Parties agree the
18 existing \$15 Service Charge will be retained for Schedule 1
19 (Residential Service Standard Plan), Schedule 3 (Master-
20 Metered Mobile Home Park Residential Service), Schedule 5
21 (Residential Service - Time-of-Use Plan), and Schedule 6
22 (Residential Service On-Site Generation). The existing \$25
23 Service Charge will be retained for Schedule 7 (Small
24 General Service), Schedule 8 (Small General Service On-Site

1 Generation), and Schedule 9 (Large General Service -
2 Secondary). For Schedule 9 (Large General Service - Primary
3 and Transmission), a Service Charge of \$345 will be
4 implemented, for Schedule 19 (Large Power Secondary
5 Service), a Service Charge of \$110 will be implemented, and
6 for Schedule 19 (Large Power - Primary and Transmission
7 Service), a Service Charge of \$450 will be implemented.

8 Demand-Related Charges: For Schedule 9 (Large
9 General Service - Primary and Transmission), Schedule 19
10 (Large Power Service), and Schedule 30 (Electric Service
11 Rate for United States Department of Energy Idaho
12 Operations Office), the collection of demand-classified
13 costs through the Demand and/or Basic Load Capacity charges
14 will reflect an approximate 40 percent movement toward cost
15 of service for that pricing component, as informed by the
16 Settlement CCOS Study.

17 Non-Residential Time-of-Use ("TOU"): For Schedule 9
18 (Large General Service) and 19 (Large Power Service), the
19 TOU periods will be adjusted as follows: On-Peak hours will
20 remain consistent with the Company's filed position, Off-
21 Peak hours will be defined as 10 a.m. to 2 p.m., Monday
22 through Saturday and all hours on Sundays and Holidays; and
23 Mid-Peak hours will include all hours not designated as On-
24 Peak or Off-Peak. The method for establishing the

1 differentials between On-Peak, Mid-Peak, and Off-Peak will
2 remain consistent with the Company's filed position.

3 Q. Are there any other non-revenue items to
4 which the Stipulating Parties agreed in the Stipulation?

5 A. Yes. There are several other non-revenue
6 stipulated agreements made by the Stipulating Parties,
7 which are summarized as follows and more fully set forth in
8 the Stipulation:

9 Single Issue CCOS Case. The Stipulating Parties
10 agree that it would be appropriate for the Commission to
11 address the CCOS methodology and associated policy issues
12 in a separate proceeding in which alternatives to the
13 Company's filed CCOS methodology in this case, including a
14 CCOS study with an hourly-informed class allocation of
15 Production and Transmission revenue requirement, will be
16 presented for the Commission's consideration. To this end,
17 Idaho Power agrees to initiate a single-issue case related
18 to CCOS methodology for the Commission's consideration
19 ("Single Issue CCOS Case") in advance of filing a Notice of
20 Intent for its next General Rate Case ("GRC") but in no
21 event later than the end of the first quarter of 2026.

22 Test Year Methodology Workshop. In advance of the
23 Company's next GRC, Staff will initiate a workshop with
24 Idaho Power and interested parties to discuss test-year

1 method.

2 Irrigation TOU. Idaho Power commits to immediately
3 initiate collaborative discussions with the IIPA, and other
4 interested parties, with the intent of developing an
5 optional Agricultural Irrigation Service (Schedule 24) TOU
6 offering that could be filed for Commission approval as
7 early as January 1, 2026, with the newly established rate
8 structure becoming effective on or after June 1, 2026.

9 Capital Investments. At the time of this
10 Stipulation, Staff had completed its prudence review of
11 capital projects included in the test year rate base
12 through July 2025. Except as otherwise noted in this
13 Stipulation, all capital projects included in the Company's
14 test year are presumed to be prudently incurred. To the
15 extent Staff identifies potential prudence concerns with
16 capital investments after July 2025, it will address those
17 in the Company's next GRC.

18 WRV Distribution Line. The Stipulating Parties agree
19 to remove the costs associated with the distribution
20 undergrounding portion of the WRV project from the revenue
21 requirement. In consideration of this removal, the
22 Stipulating Parties agree that the Company shall retain the
23 distribution undergrounding portion of the WRV project in
24 Construction Work in Progress ("CWIP") until the entire

1 project (distribution and transmission) is completed and
2 placed in service.

3 NPSE Base and PCA. For purposes of calculating the
4 PCA, the new system-level base NPSE is \$468,840,624. The
5 decrease to base NPSE from current levels results in the
6 transfer of \$13.1 million from base rates to the PCA.

7 Fixed Cost Adjustment ("FCA"). In determining the
8 fixed cost per customer ("FCC") and fixed costs per energy
9 ("FCE") to be tracked through the Company's FCA, the
10 Stipulating Parties agree to use the Settlement CCOS Study.

11 Sales Based Adjustment Rate ("SBAR"). In determining
12 the agreed-upon SBAR to be applied in the Company's PCA,
13 the Stipulating Parties agree to use the Settlement CCOS
14 Study to determine the generation-related Idaho
15 jurisdictional revenue requirement that has been classified
16 as energy-related. The resulting SBAR of \$27.82 per
17 megawatt-hour was developed using 2025 normalized Idaho
18 test year retail sales in the amount of 15,497,724
19 megawatt-hours ("MWh") as proposed by the Company in this
20 case.

21 Wheeling Revenue. The Stipulating Parties agree to a
22 baseline wheeling tracker level of collection of \$3.38 per
23 MWh. This reflects Idaho jurisdictional point-to-point
24 wheeling revenues of \$52,329,358 divided by Idaho

1 jurisdictional retail sales of 15,497,724 MWh.

2 Valmy and Bridger. The Stipulating Parties agree
3 that the stipulated revenue requirement includes updated
4 recovery associated with both the Valmy and Bridger
5 mechanisms and reflects updated O&M and coal-related
6 capital forecasted spend, as well as the true-up of
7 variances between prior forecasts and actual costs through
8 2024. Also, The Stipulating Parties acknowledge that in
9 addition to the rate recovery update, the discussion
10 related to the Valmy coal-related investments provided in
11 Mr. Adelman's direct filed testimony satisfies the 2024
12 annual reporting required by Order No. 34349.

13 Rule H Three Phase Base Charge. The Stipulating
14 Parties agree to implement the following three phase base
15 charges: \$80 (underground), \$1,072 (overhead including 2"
16 riser), and \$1,352 (overhead including 3" riser), effective
17 January 1, 2026. Idaho Power will update charges annually
18 when it submits its annual Rule H compliance filing on or
19 before December 31 of each year.

20 Q. What are the details related to the
21 agreement reached by Stipulating Parties regarding the
22 Company's authority to accelerate amortization of
23 Accumulated Deferred Investment Tax Credits ("ADITC")?

24 A. Since 2009, the Company has been subject to

1 an ADITC/Revenue Sharing Mechanism, which was established
2 by Order No. 30978 in Case No. IPC-E-09-30 and modified and
3 extended by Order No. 32424 in Case No. IPC-E-11-22, Order
4 No. 33149 in Case No. IPC-E-14-14, Order No. 34071 in Case
5 No. GNR-U-18-01, and Order No. 36042 in Case No. IPC-E-23-
6 11, that includes provisions for the accelerated
7 amortization of ADITC to help achieve a minimum specified
8 percent Idaho-jurisdiction return on year-end equity
9 ("Idaho ROE"), currently set at 9.12 percent. The mechanism
10 also provides for the potential sharing between Idaho Power
11 and Idaho customers of Idaho jurisdictional earnings in
12 excess of a 9.6 percent Idaho ROE. Under the current
13 mechanism, the ADITC usage and earnings sharing thresholds
14 are to be reset at a GRC to align the sharing threshold
15 with the newly authorized ROE and the threshold for use of
16 accelerated amortization of ADITC if the Company's Idaho
17 ROE falls below 95 percent of the authorized ROE.

18 Under this Stipulation, the ADITC/Revenue Sharing
19 Mechanism is modified to include an additional amount of
20 ADITC equal to the total of existing ADITC not currently
21 eligible for accelerated amortization under the mechanism
22 and all investment tax credits generated through the end of
23 calendar-year 2028. Further, the Stipulating Parties agree
24 that the maximum allowed annual accelerated amortization of

1 ADITC will be \$55 million for calendar year 2026 and
2 thereafter. Effective January 1, 2026, revenue sharing
3 between Idaho Power and Idaho customers of Idaho-
4 jurisdictional earnings will occur if earnings are in
5 excess of a 9.6 percent Idaho ROE, and all revenue sharing
6 will continue to be implemented through the PCA at the
7 existing ratio of 80 percent to customers and 20 percent to
8 Idaho Power. The new minimum-specified Idaho ROE is set at
9 95 percent of the stipulated 9.6 percent, or 9.12 percent.

10 **IV. EVALUATION OF THE PROPOSED SETTLEMENT**

11 Q. Why was the Company willing to accept in
12 settlement a lower general rate increase than it initially
13 filed?

14 A. In her direct testimony, Ms. Lisa Grow
15 explained how Idaho Power works hard to help keep its
16 prices affordable for its customers by ensuring its
17 necessary investments to maintain and operate the electric
18 system safely and reliably for customers are least cost and
19 least risk and by applying a disciplined and thoughtful
20 approach to managing its ongoing O&M expenses. Idaho Power
21 participated in the settlement negotiations with those same
22 principles in mind and believes that the Proposed
23 Settlement strikes an appropriate balance between
24 affordability for customers and maintaining the financial

1 health of Idaho Power under current conditions. The \$110
2 million revenue increase will provide additional cash flow
3 to help support credit metrics in the near-term, thus
4 helping with the cost of financing, and the additional
5 ADITC provisions and deferral authorizations will provide
6 further support to the Company's earnings until the
7 effectiveness of the next general rate case.

8 Although the Proposed Settlement is a reasonable
9 resolution of a broad range of contested rate issues, the
10 agreement will require the Company to continue to manage
11 ongoing inflationary pressures on its expenses and be
12 thoughtful in its capital markets transactions as well as
13 with its credit ratings.

14 Q. Were there other reasons why the Company was
15 willing to accept a lower revenue requirement?

16 A. Yes. In consideration of the settlement
17 terms, the Company recognized that the adjustments related
18 to wildfire mitigation and insurance cost deferrals and the
19 reclassification of the WRV distribution line from rate
20 base to CWIP will have no material impact to the Company's
21 earnings, as these adjustments serve to either adjust the
22 timing of cost recovery or move recovery to other rate
23 mechanisms. It will, however, have an adverse impact on
24 cash collection in the near-term, and could therefore

1 pressure credit metrics, but the deferral is nonetheless
2 helpful overall.

3 Q. Please explain the Company's acceptance of
4 an overall rate of return that was less than originally
5 requested.

6 A. When considered in the context of the entire
7 settlement agreement, Idaho Power believes that the agreed-
8 upon rate of return will still allow the Company to finance
9 its electric utility operations in the near-term under
10 relatively reasonable terms and costs, based on its
11 experience in recent capital markets transactions.

12 Q. Do you have any observations regarding the
13 revenue spread provided for in the Stipulation?

14 A. Yes. Idaho Power believes that it is
15 important to have rates that reflect the costs to serve its
16 individual classes of customers. With that said, the
17 Company also recognizes that there are many differing views
18 regarding class cost-of-service methodologies. In order to
19 facilitate settlement and avoid potentially contentious
20 issues, the Company has agreed to a rate spread method that
21 it believes represents some targeted movement toward cost-
22 of-service while also mitigating the rate increase assigned
23 to any one customer class.

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DECLARATION OF TIMOTHY E. TATUM

I, Timothy E. Tatum, declare under penalty of perjury under the laws of the state of Idaho:

1. My name is Timothy E. Tatum. I am employed by Idaho Power Company as the Vice President of Regulatory Affairs.

2. On behalf of Idaho Power, I present this pre-filed direct testimony in this matter.

3. To the best of my knowledge, my pre-filed direct testimony is true and accurate.

I hereby declare that the above statement is true to the best of my knowledge and belief, and that I understand it is made for use as evidence before the Idaho Public Utilities Commission and is subject to penalty for perjury.

SIGNED this 24th day of October 2025, at Boise, Idaho.


Signed: _____
Timothy E. Tatum