

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF IDAHO POWER)
COMPANY'S APPLICATION FOR) CASE NO. IPC-E-21-42
APPROVAL OF SPECIAL CONTRACT AND)
TARIFF SCHEDULE 33 TO PROVIDE)
ELECTRIC SERVICE TO BRISBIE LLC'S)
DATA CENTER FACILITY.)
_____)

IDAHO POWER COMPANY

DIRECT TESTIMONY

OF

TIMOTHY E. TATUM

1 Q. Please state your name, business address, and
2 present position with Idaho Power Company ("Idaho Power" or
3 "Company").

4 A. My name is Timothy E. Tatum. My business
5 address is 1221 West Idaho Street, Boise, Idaho 83702. I am
6 employed by Idaho Power as Vice President of Regulatory
7 Affairs.

8 Q. Please describe your educational background.

9 A. I earned a Bachelor of Business Administration
10 degree in Economics and a Master of Business Administration
11 degree from Boise State University. I have also attended
12 electric utility ratemaking courses, including "Practical
13 Skills for The Changing Electric Industry," a course
14 offered through the New Mexico State University's Center
15 for Public Utilities, "Introduction to Rate Design and Cost
16 of Service Concepts and Techniques" presented by Edison
17 Electric Utilities Consultants, Inc., and Edison Electric
18 Institute's "Electric Rates Advanced Course." In 2012, I
19 attended the Utility Executive Course ("UEC") at the
20 University of Idaho.

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

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

1 [REDACTED]
2 [REDACTED]
3 [REDACTED]

4 Q. Does Brisbie have any specific energy service
5 needs that would differ from Idaho Power's standard retail
6 service offerings?

7 A. Yes. In addition to its large load service
8 requirements, Brisbie has a sustainability objective to
9 support 100 percent of its operations with renewable
10 resources. Accomplishing this sustainability target based
11 on Brisbie's expected load will require [REDACTED]
12 [REDACTED] of new renewable resources added to Idaho Power's
13 system.

14 As explained in more detail below, Brisbie's Special
15 Contract encompasses the pricing associated with retail
16 electric service from Idaho Power, cost and credit
17 components associated with new renewable resources to
18 support Brisbie's load, and terms and conditions governing
19 the structure of this new arrangement, including provisions
20 that will hold other Idaho Power customers harmless for the
21 cost of the renewables.

22 Q. Is the regulatory framework in the Brisbie
23 Special Contract consistent with the Clean Energy Your Way
24 - Construction offering, as outlined in Idaho Power's
25 recent application with the Commission (Case No. IPC-E-21-

1 40) to establish new clean energy offerings for customers
2 under the Clean Energy Your Way Program?

3 A. Yes. The Brisbie Special Contract mirrors the
4 clean energy framework for large customers as outlined in
5 the Company's application and in the accompanying modified
6 Schedule 62 tariff.¹ In that application, Idaho Power states
7 its belief that it can work with existing or future Special
8 Contract customers to integrate renewables into their
9 service agreement with the Company. To that end, the
10 Brisbie Special Contract is the first representation of the
11 Clean Energy Your Way - Construction offering.

12 Under the Clean Energy Your Way - Construction
13 offering, Idaho Power will work with customers to develop a
14 Renewable Construction Agreement - the document that
15 governs all pricing for Company electric service and the
16 customer's accompanying renewables. For Brisbie, the
17 Renewable Construction Agreement doubles as the customer's
18 Special Contract. A Special Contract is also referred to in
19 this document as the Energy Services Agreement ("ESA").

20 Q. What are the major components of the requested
21 regulatory framework that would guide the implementation
22 and administration of Brisbie's Special Contract with
23 accompanying renewables?

¹ *In the Matter of the Application of Idaho Power Company to Expand Optional Customer Clean Energy Offerings Through the Clean Energy Your Way Program*, Case No. IPC-E-21-40, filed December 2, 2021.

1 special contract does not negatively impact Idaho Power's
2 other retail customers.

3 Q. Have you prepared any exhibits to accompany
4 your testimony?

5 A. Yes. The ESA is presented as Confidential
6 Exhibit No. 1, with a draft power purchase agreement
7 ("PPA") for procurement of renewable energy on behalf of
8 Brisbie attached as an exhibit to the ESA. Second, the
9 Construction Agreement for the interconnection facilities
10 associated with Brisbie is Confidential Exhibit No. 2.

11 **II. ESA OVERVIEW**

12 Q. Please describe the Special Contact agreement
13 with Brisbie.

14 A. Consistent with the requirements of Idaho
15 Power's Schedule 19, Large Power Service, the Company has
16 established a Special Contract (or ESA) to supply retail
17 electric service to Brisbie. As can be seen on Confidential
18 Exhibit No. 1, the ESA provides for a long-term contract
19 that becomes effective on the date of the order issued in
20 this case. It includes a contract demand schedule that
21 allows Brisbie to ramp up to [REDACTED] and
22 provides for a two-block rate structure that incorporates
23 embedded cost-based pricing for a 20 MW block of power
24 based upon Schedule 19 base rates and a hybrid of embedded
25 cost and marginal cost-based pricing for capacity amounts

1 above 20 MW. Under the proposed Special Contact, Idaho
2 Power would procure on Brisbie's behalf enough renewable
3 resources to provide Brisbie with 100 percent renewable
4 support on an annual basis [REDACTED]

5 [REDACTED]
6 [REDACTED]

7 Q. Is the recovery of the cost of the initial
8 construction of transmission facilities needed to connect
9 Brisbie's facility addressed in the ESA?

10 A. No. The cost recovery of the initial
11 construction for transmission facilities needed to serve
12 Brisbie's load is provided for in a separate Construction
13 Agreement (included as Confidential Exhibit No. 2). [REDACTED]

14 [REDACTED]

15 [REDACTED]

16 [REDACTED] Consistent with other transmission-level
17 service customers, Idaho Power will retain ownership of the
18 transmission interconnection station and the responsibility
19 for ongoing operating and maintenance costs up to the point
20 of delivery at 230 kilovolts ("kV"), while Brisbie will
21 retain ownership of all facilities downstream from the
22 point of delivery and will be responsible for ongoing
23 operating and maintenance of those facilities. [REDACTED]

24 [REDACTED]

25 [REDACTED]

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[REDACTED]

Q. Why is 20 MW chosen to establish the pricing blocks?

A. Idaho Power provides tariff service to industrial customers under Schedule 19, Large Power Service. The Applicability Section of Schedule 19 states:

"If the aggregate power requirement of a Customer who receives service at one or more Points of Delivery on the same Premises exceeds 20,000 kW, the Customer is ineligible for service under this schedule and is required to make special contract arrangements with the Company."

Q. What is the purpose of this provision?

A. The requirement for a Special Contract serves several purposes. First, it allows for the unique characteristics of customers of this size to be captured within the terms of an agreement. Second, special contracts allow for specific cost-of-service information for each large load to be reviewed during rate proceedings. And third, special contracts provide protection to the Company and the other retail customers from the system impacts that very large loads could impose because of sheer size or operating characteristics.

1 Q. Does Idaho Power currently serve other special
2 contract customers?

3 A. Yes. There are currently three: (1) Micron
4 Technology, Inc., located in southeast Boise; (2) the
5 United States Department of Energy's Idaho National
6 Laboratory, located west of Idaho Falls; and (3) the J R
7 Simplot Company's Don Plant, located directly west of
8 Pocatello. These customers range in size from 20 to 70 MWs
9 of load.

10 Q. Does the Brisbie ESA contain any provisions to
11 financially protect Idaho Power and its customers?

12 A. Yes. Section 11.1 of the ESA identifies [REDACTED]
13 [REDACTED]
14 [REDACTED]
15 [REDACTED]
16 [REDACTED]
17 [REDACTED]
18 [REDACTED]
19 [REDACTED]
20 [REDACTED]
21 [REDACTED]
22 [REDACTED]
23 [REDACTED]
24 [REDACTED]

1 [REDACTED]
2 [REDACTED]
3 [REDACTED]
4 [REDACTED]
5 [REDACTED]
6 [REDACTED]
7 [REDACTED]
8 [REDACTED]
9 [REDACTED]

10 **III. EXPLANATION OF THE RENEWABLES CONSTRUCT**

11 Q. In practical terms, how does the renewables
12 arrangement work for Brisbie?

13 A. As noted earlier, Brisbie has a commitment to
14 support 100 percent of its operations with renewable energy
15 on an annual basis. Accomplishing this commitment
16 necessitates a tailored arrangement that provides the right
17 amount of renewable generation while ensuring reliable
18 electric service to the customer. Brisbie's estimated load

19 [REDACTED]
20 [REDACTED]
21 [REDACTED]

22 Q. Please explain the variance in Brisbie's load
23 and the amount of renewables necessary to support that
24 load.

1 A. As an enterprise data center, Brisbie's energy
2 will remain high and consistent throughout the day. In
3 contrast, a renewable resource will only generate
4 electricity intermittently (e.g., solar resources only
5 produce energy during daylight hours). To reconcile this
6 mismatch of energy service requirements and renewable
7 generation but still achieve Brisbie's renewables
8 objective, the renewable resources for Brisbie must be
9 appropriately sized to ensure that the total renewable
10 generation over the year matches or slightly exceeds the
11 annual Brisbie energy consumption.

12 Q. Will the amount of renewable resource
13 generation perfectly match Brisbie's load on an annual
14 basis?

15 A. No. Considering variable renewable resource
16 performance and approximated capacity factors for renewable
17 resources, the generation from the renewable resources is
18 unlikely to perfectly match Brisbie's load. However, the
19 renewable resources were sized greater than Brisbie's
20 anticipated load to provide a reasonable buffer to ensure
21 that Brisbie's full energy requirements are supported on an
22 annual basis.

23 Q. Given the magnitude of both the new load and
24 the associated renewables, has Idaho Power factored Brisbie
25 into long-term planning analyses?

1 A. Yes. Brisbie is incorporated into the
2 Company's forthcoming 2021 Integrated Resource Plan
3 ("IRP"). Idaho Power opted to include Brisbie's load and
4 renewable resources (modeled as solar PV) in the base case
5 of the 2021 IRP once it became known to the Company that
6 Brisbie planned to locate in Idaho Power's service area.

7 Q. Did Brisbie's load impact Idaho Power's
8 forecasted capacity deficit in 2023?

9 A. No. Brisbie's load [REDACTED]
10 and does not impact Idaho Power's 2023 deficit.

11 Q. Will the renewable resources serve Brisbie
12 directly?

13 A. No. The renewable resources for Brisbie will be
14 procured on the customer's behalf by Idaho Power and
15 connected directly to the Company's transmission system.
16 Brisbie will pay for the costs associated with the
17 renewables required to support their load and will also be
18 credited for the value those resources bring to Idaho
19 Power's system. To this end and as noted above, Brisbie's
20 associated renewable resources are incorporated into the
21 base planning analysis of the 2021 IRP. Inclusion of the
22 renewables in the IRP modeling allows them to be treated as
23 system resources for modeling purposes and enables Idaho
24 Power to quantify their value to the Company and its
25 broader customer base.

1 Q. Do the new renewables affect how Brisbie is
2 billed for taking service from Idaho Power?

3 A. Yes. Rather than simply being charged for
4 retail electric service under its Special Contract, Brisbie
5 will be charged for the services it requires from Idaho
6 Power, pay for the costs of the new renewable resources,
7 and be credited for any system benefits derived from those
8 resources. This treatment is fully consistent with the
9 structure outlined in the Clean Energy Your Way -
10 Construction offering in Idaho Power's Case No. IPC-E-21-
11 40.

12 Q. Considering both Brisbie's load and
13 renewables, how will the customer be billed?

14 A. Pricing and billing are discussed in detail in
15 Mr. Goralski's testimony, but, at a high level, various
16 cost and credit streams for Brisbie [REDACTED]

17 [REDACTED]

18 [REDACTED]

19 [REDACTED]

20 • [REDACTED]

21 [REDACTED]

22 [REDACTED]

23 [REDACTED]

24 [REDACTED]

1 [REDACTED]

2 [REDACTED]

3 [REDACTED]

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10 [REDACTED]

11 [REDACTED]

12 [REDACTED]

13 [REDACTED]

14 [REDACTED]

15 [REDACTED]

16 [REDACTED]

17 [REDACTED]

18 [REDACTED]

19 [REDACTED]

20 [REDACTED]

21 [REDACTED]

22 [REDACTED]

23 Q. Is the Company requesting anything in this

24 case beyond approval of the Brisbie ESA, including its

1 pricing and compensation structure as detailed in Mr.
2 Goralski's testimony?

3 A. Yes. The Brisbie ESA requires Idaho Power to
4 procure and supply energy from renewable resources to
5 provide Brisbie with 100 percent renewable support on an
6 annual basis. Brisbie is in turn required to pay Idaho
7 Power the associated cost of these resources. Because
8 Brisbie will pay the cost of new renewable resources under
9 the ESA, [REDACTED]

10 [REDACTED] Idaho Power requests authority to
11 procure the necessary resources contemplated within the ESA
12 without seeking Commission approval of each such
13 procurement. Further, Idaho Power requests approval from
14 the Commission that each such resource procurement would
15 receive the same ratemaking treatment outlined in this
16 case, unless otherwise modified in a subsequent proceeding.

17 **VI. CONCLUSION**

18 Q. Is it your opinion that the approval of the ESA
19 between Brisbie and the Company is in the public interest?

20 A. Yes. Idaho Power and Brisbie have worked together
21 to develop a retail rate structure that addresses the
22 renewable energy requirements of Brisbie and reflects
23 current energy economic realities (i.e., the marginal cost
24 of energy is expected to increase over time). The ESA
25 incorporates these goals in an equitable way that works for

1 both the new customer, for the system, and for existing
2 customers.

3 Q. Does this complete your testimony?

4 A. Yes, it does.

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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 the Regulatory Affairs Department and am competent to be a witness in this proceeding.

2. On behalf of Idaho Power, I present this pre-filed direct testimony and Confidential Exhibit Nos. 1 and 2 in this matter.

3. To the best of my knowledge, my pre-filed direct testimony and exhibits are 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 22nd day of December 2021, at Boise, Idaho.

Signed: 

**BEFORE THE
IDAHO PUBLIC UTILITIES COMMISSION
CASE NO. IPC-E-21-42**

IDAHO POWER COMPANY

**TATUM, DI
TESTIMONY**

CONFIDENTIAL
EXHIBIT 1

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IDAHO PUBLIC UTILITIES COMMISSION
CASE NO. IPC-E-21-42**

IDAHO POWER COMPANY

**TATUM, DI
TESTIMONY**

CONFIDENTIAL
EXHIBIT 2