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 IN THE STATE OF IDAHO AND FOR ASSOCIATED REGULATORY ACCOUNTING TREATMENT	))))))	CASE NO. IPC-E-23-11

DIRECT TESTIMONY OF TAYLOR THOMAS IN SUPPORT OF THE STIPULATION AND SETTLEMENT

IDAHO PUBLIC UTILITIES COMMISSION

NOVEMBER 15, 2023

Q. Please state your name and business address for the record.

A. My name is Taylor Thomas. My business address is 11331 W. Chinden Blvd., Ste. 201-A, Boise, ID 83714.

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

A. I am employed by the Idaho Public Utilities Commission ("Commission") as a Program Manager overseeing the Technical Analysis department of the Utilities Division.

Q. Please describe your educational background and professional experience.

A. I was hired by the Commission in 2020 and I have provided numerous recommendations in proceedings before the Commission. My educational background and professional experience are provided in more detail in Exhibit No. 102.

Q. What is the purpose of your testimony in this proceeding?

A. The purpose of my testimony is to describe the proposed comprehensive Stipulation and Settlement ("Settlement") reached by the signing parties ("Parties") in this case based on the Application for Idaho Power ("Company") to increase its rates and charges for electric service and explain Staff's support for the Settlement.

Q. How is your testimony organized?

A. My testimony is subdivided under the following headings:

- Cost-of-Service Methodology Page 2
- Rate Design Page 3
- Separate Informal Proceedings Page 6
- Non-Revenue Agreements Page 7

Cost-of-Service Methodology

Q. How does the Settlement discuss the Company's Cost-of-Service methodology?

A. The Parties did not agree to a cost-of-service methodology within this Settlement. However, the Parties used the filed cost-of-service study as a guide to allocate the revenue requirement of $54.7 million among the different customer classes.

The Parties generally recognized that certain customer classes were paying more or less than their relative cost of service. The Parties agreed to a method of increasing the rates for each customer class by at least a factor of 0.5 times, but not more than 1.3 times, with no increase for any customer class above 120 percent of the cost-of-service index.

Staff believes this is in the interest of customers because it spreads the overall revenue increase of 4.25 percent across all classes in an equitable manner in relation to their cost-of-service.

Q. Was the cost-of-service study updated to reflect the settled revenue requirement?

A. Yes, but the updated version was used on a limited basis. It was necessary to update the cost of service to ensure the following were accurately derived: the Sales Based Adjustment Rate ("SBAR") used in the PCA, the fixed cost per customer and the fixed cost per energy used in the Fixed Cost Adjustment ("FCA"), Schedule 20 Speculative High-Density Load Interruption Compensation, and certain special contract rates.

Rate Design

Q. Did the Parties discuss rate design?

A. Yes.

Q. Did the parties agree to change the summer season?

A. Yes. The Parties agreed to extend the summer season from June 15 through September 15 to June 1 to September 30, as proposed by the Company.

Q. Please explain what the Settlement accomplished for rate design for residential services: Schedule 1, Residential Service Standard Plan, and Schedule 6, Residential Service On-Site Generation.

A. For Schedules 1 and 6, the Parties agreed to use the customer billing determinants proposed by the Company in this case but maintain the current percentage differential between each block. For Schedules 1, 5, and 6, the Parties agreed to increase the residential service charge from $5 per month to $10 per month on January 1, 2024, and to $15 per month on January 1, 2025.

Q. Why are these changes reasonable?

A. Staff believes that the current residential service charge does not allow the Company to recover the fixed costs associated with customer charges (billing and meter reading) or distribution; therefore, an increase is necessary to allow more recovery of fixed cost from the residential service charge. However, in conjunction with an increase to the service charge, an elimination of the blocked tiered rates, as proposed by the Company, could send customers price signals that no longer encourage energy conservation. Therefore, Staff believes the Settlement is reasonable as an increase in the service charge will increase recovery of fixed costs while the blocked tiered rates continue to encourage customers to conserve energy.

Q. Did the Settlement discuss Schedule 5, Residential Service Time-of-Use ("TOU") Plan?

A. Yes. The Parties agreed to align the optional TOU plan to the Company's hours of highest risk and to introduce larger differentials, as discussed in the

Company's Application. Additionally, the Parties agreed to introduce a summer mid-peak period from 3 p.m. to 7 p.m.

Q. Why is it necessary to introduce a mid-peak period to Schedule 5?

A. Staff believes the mid-peak creates alignment with Schedule 9, Large General Service, and Schedule 19, Large Power Service. Additionally, Staff believes it sends price signals to TOU customers to conserve during a time of moderate risk for the Company. Finally, in the Company's concurrent Export Credit Rate filing, Case No. IPC-E-23-14, the Company proposed a Summer On-Peak period of 3-10 p.m. for customer generators exports. Staff believes the mid-peak proposal for Schedule 5 helps to create alignment between the hours of highest risk for the Company between the two filings.

Q. Please discuss additional areas of rate design in the Settlement.

A. The Parties agree the Small General Service Charge will increase from $5 to $25 per month on January 1, 2024. Additionally, the revenue requirement allocated to Schedule 30, U.S. Department of Energy Special Contract, will be effectuated by setting the demand charge at $9.75/kW and the energy charge at $0.040951/kWh. Lastly, the Schedule 8 tariff sheet will be updated to reflect the inclusion of September as part of the summer season as reflected in Attachment No. 2 to the Motion.

Separate Informal Proceedings

Q. Does the Settlement include agreements for other actions to follow this rate case?

A. Yes.

Q. Please explain how the Settlement addresses what the Company and Parties will need to do following this case.

A. First, Clean Energy Opportunities for Idaho ("CEO") will coordinate and lead two series of workshops. The first workshop will explore revenue neutral bill protection for residential customers taking service on TOU schedule, and a second series of workshops to explore class-cost-of-service methodology and analysis, TOU option for irrigators, and TOU concerns and opportunities.

Second, the Company and IdaHydro will meet to discuss Qualified Facility interconnection operations and maintenance charges after updating Schedule 72 to reflect current operation costs and assumptions.

Third, the Company will work with Staff and interested parties to discuss an evaluation of the Company's transmission system related to radial transmission lines.

Fourth, the Company will work with Staff to discuss test year sales derivation methodology prior to the filing of the Company's next general rate case.

Fifth, to aid in future prudence review of the Company's Wildfire Mitigation Plan ("WMP"), the Company will add a component that breaks down internal labor costs within its WMP. Additionally, the Company will expand the WMP to forecast each version for five years.

Non-Revenue Agreements

Q. Please explain the non-revenue agreements that are included in the Settlement between the Company and the Parties.

A. There are several agreements including:

1. The Parties agreed that the Company's share of all capital expenditures at the jointly owned Jim Bridger Power Plant ("Bridger") and North Valmy Power Plant ("Valmy") through year end of 2022 were prudently incurred. Staff believes that the Company has sufficiently shown prudence of its coal partnered plants.

2. At the time of signing the Settlement, Staff had not completed its review of all of the Company's capital investments. For Settlement purposes, Staff agreed to include the full amount of capital investments into test year rate base. Staff will update the Company on our progress by November 15, 2023, and will have the capital investment prudence review finalized by December 1, 2023. If there are any prudence concerns, Staff agreed to

determine prudence of those identified items in the Company's next general rate case. Additionally, Staff and the Company will have further discussion on capital project information and documentation necessary for Staff and other parties to effectively conduct prudence reviews for all capital projects, including the Company's partnered plants.

3. The Settlement uses a new base system Net Power Supply Expense "NSPE" of $484,907,243. The Parties agreed to transfer $168.3 million base level NPSE from the PCA to base rates. Staff supports this transfer as the Company will be able to recover these expected expenses within base rates and ratepayers get the benefit of a reduced PCA charge. In addition, the Parties agreed to use the filed class cost-of-service updated to reflect the settled revenue requirement for purposes of determining the SBAR to be applied in the PCA. As proposed by the Company in the case, the resulting SBAR is $30.90 per megawatt-hour.

4. The Settlement reflects changes to the FCA due to increased monthly Service Charges to the Residential and Small Commercial customer classes. For Residential customer classes, the monthly service charge will be $10 per month in 2024 and $15 per month in 2025. The monthly service charge for Small Commercial will be $25 per month. Staff supports these changes as the recovery of fixed

expenses shifts away from the volumetric charges.

5. Tracking of Third Party Wheeling: The Settlement identified $46,361,643 of Idaho's jurisdictional share of third-party point-to-point wheeling revenues. Identification of this amount complies with Commission Order No. 32821 and will be used as a baseline for potential annual tracking and adjustments in the PCA.

6. Lastly, the Parties agreed that the Company defer without carrying charge and amortize annual differences between certain periodic maintenance costs at the Company's natural gas-fired power plants.

Q. Do you have any other comments on the Settlement?

A. Yes. Staff looked at each revenue requirement adjustment, class cost-of-service study, proposed rate design, and other issues under consideration and determined that the Settlement between the Parties was as good or better than what could be expected by fully litigating the case. Staff believes that the rate stability and certainty, along with the reduced revenue increases, provided in the Settlement, represents a fair, just, and reasonable compromise of the positions put forth by the Parties and is in the public interest. Therefore, Staff recommends that the Commission approve the Settlement without material changes or modification.

Q. Does this conclude your testimony in this proceeding?

A. Yes.

Professional Qualifications

Of

Taylor Thomas

Program Manager – Technical Analysis

Idaho Public Utilities Commission

EDUCATION

Mr. Thomas earned a Bachelor of Arts Degree in Environmental Economics from California State University at Chico in 2016. Studies for this degree focused on energy, the environment, and sustainability. In addition to his formal education, Mr. Thomas has attended National Association of Regulatory Commissioners ("NARUC") Utility Rate School and the Practical Regulatory Training program by the New Mexico State University Center for Public Utilities.

BUSINESS EXPERIENCE

Prior to joining the Idaho Public Utilities Commission ("IPUC"), in 2017, Mr. Thomas was a Service Supervisor for a solar company in Granite Bay, California. In that capacity, Mr. Thomas analyzed, designed, and supervised multiple solar system projects to include integration, installation, and maintenance of commercial sized solar arrays and residential utility systems. He completed analysis of all company solar system projects to maintain optimal efficiency and provided maintenance for projects when defects or optimal efficiency rates were not being met.

Mr. Thomas joined the IPUC in 2020 as a Technical Analyst with a focus on Energy Efficiency. In 2022, he was promoted to Program Manager of the Technical Analysis Department within the Utilities Division. During his employment at IPUC, he has supervised Staff and worked on a variety of cases to regulate electric, natural gas, and water utilities. His assignments and responsibilities include cases involving prudence determination of major utility investments, integrated resource plans, distributed energy resources, cost adjustment mechanisms, demand-side management, sales of utilities and their assets, wildfire, and rate design. Mr. Thomas participates in Energy

Efficiency Advisory Groups and External Stakeholder Advisory Committees for Idaho Power, Avista Utilities, Rocky Mountain Power, and Intermountain Gas Company. He is a member of the NARUC State Working Group on Electric Vehicles, Regional Technical Forum, Demand Response Advisory Committee, and Conservation Resource Advisory Committee.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 15th DAY OF NOVEMBER 2023, SERVED THE FOREGOING **DIRECT TESTIMONY OF TAYLOR THOMAS IN SUPPORT OF THE STIPULATION AND SETTLEMENT,** IN CASE NO. IPC-E-23-11, BY E-MAILING A COPY THEREOF, TO THE FOLLOWING:

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