

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

**IN THE MATTER OF THE JOINT)
APPLICATION OF IDAHO POWER) CASE NO. IPC-E-04-12
COMPANY AND TAMARACK RESORT LLC)
FOR APPROVAL OF AN AGREEMENT TO) NOTICE OF APPLICATION
PROVIDE ELECTRIC DISTRIBUTION)
FACILITIES.) NOTICE OF MODIFIED
) PROCEDURE
)
) NOTICE OF COMMENT
) DEADLINES
)
) ORDER NO. 29509
)**

On May 5, 2004, Idaho Power Company (Idaho Power, Company) and Tamarack Resort LLC (Tamarack) jointly filed an Application requesting the Commission issue an Order approving an Agreement dated May 3, 2004, under which Idaho Power would provide certain electrical distribution facilities to Tamarack pursuant to a special line installation agreement. Idaho Power requested that this Application be processed by Modified Procedure. In this Notice, the Commission processes Idaho Power's Application under Modified Procedure and establishes a written comment deadline.

BACKGROUND

Tamarack is developing a substantial four-seasons resort project ("Resort Project") in Valley County, Idaho. Tamarack has indicated that at final build-out, the Resort Project will be a complex featuring approximately 2,000 housing units, approximately 272,000 square feet of commercial space, a golf course, ski lifts and other recreational amenities. The Resort Project will have a combined electrical load of approximately 20 megawatts (MW). Because final build-out is expected to take a number of years, Tamarack has requested that Idaho Power make 7.5 Megavolt-Ampere (MVA) of electrical capacity available to the Resort Project by November 1, 2004.

Because the Resort Project will be located in an area where Idaho Power does not have existing facilities of adequate capacity and desired phase and voltage, the delivery of power

NOTICE OF APPLICATION
NOTICE OF MODIFIED PROCEDURE
NOTICE OF COMMENT DEADLINES
ORDER NO. 29509

(capacity) to the Resort Project site will require the construction of: (1) underground and overhead facilities and lines to interconnect with Idaho Power's existing transmission/distribution system ("Interconnection Facilities"), and (2) installation of additional substation equipment and facilities ("the Substation Facilities"). The Interconnection Facilities and the Substation Facilities are collectively referred to as the "Requested Facilities."

Rule H is the Company's tariff provision that generally governs line extensions. By its terms Rule H does not apply to all line extensions, and the parties have agreed that this agreement is not subject to or governed by Rule H. However, the parties have agreed to use some of the principles contained in Rule H to address refunds of a portion of the contribution in aid of construction ("CIAC") to be paid by Tamarack under the Agreement to Provide Electric Distribution Facilities between Idaho Power and Tamarack ("the Agreement"). Installation of distribution facilities within the boundaries of the Resort Project will be made in accordance with Rule H.

THE AGREEMENT

YOU ARE HEREBY NOTIFIED that the parties have agreed that the Requested Facilities will be constructed in two phases. Phase 1 facilities have already been constructed and will provide not more than 2 MVA of three-phase power at a point of delivery located adjacent to the boundaries of the Resort Project. A general description of the Phase 1 facilities is included as Exhibit 1 to the Agreement. Idaho Power completed Phase 1 construction in November 2003. Phase 2 construction will be performed during the 2004 construction season and will include the construction of the Requested Facilities to provide 7.5 MVA of electrical capacity at the delivery point. A general description of the Phase 2 Requested Facilities is included as Exhibit 2 to the Agreement. Phase 2 construction is expected to be completed by Idaho Power on or before November 1, 2004.

YOU ARE FURTHER NOTIFIED that the total estimated cost of the design and construction of the Requested Facilities is \$2,704,886. Assuming Tamarack makes all of its required payments on schedule, the contribution in aid of construction ("CIAC") to be paid by Tamarack will not exceed \$1,891,372. Tamarack has paid Idaho Power \$1,055,375 for the Phase 1 Requested Facilities, and \$764,798 for Phase 2 Requested Facilities. As provided in the

Agreement, Tamarack has agreed to pay Idaho Power an additional \$191,199 on or before October 1, 2004.

YOU ARE FURTHER NOTIFIED that Idaho Power will own, operate and maintain the Requested Facilities constructed pursuant to this Agreement. Tamarack recognizes that it is paying a proportionate share of the total costs of improving a portion of Idaho Power's utility system, and recognizes that Idaho Power will utilize the improvements to the system to provide service to other customers, and that the improvements will be a part of Idaho Power's electrical transmission and distribution system.

YOU ARE FURTHER NOTIFIED that in order to supply 7.5 MW of electrical capacity to Tamarack with the power quality specifications requested by Tamarack, Idaho Power had to construct a portion of the Interconnection Facilities outside the Resort Project boundaries with a capacity greater than 7.5 MVA. Tamarack will not be entitled to use more than 7.5 MW of capacity in the Interconnection Facilities.

YOU ARE FURTHER NOTIFIED that Idaho Power and Tamarack have agreed that while this Agreement is not subject to Rule H, it would be reasonable to apply the Rule H refund principles in effect at the time of this Agreement to a portion of the cost of the Interconnection Facilities located outside the Resort Project boundaries. With this exception, the Agreement is not related to nor governed by Rule H.

YOU ARE FURTHER NOTIFIED that because the Requested Facilities, funded in part by the CIAC Tamarack is making, will create additional capacity that can be used to serve future customer loads, the Company has agreed to collect contributions from other customers attaching to facilities who utilize the Requested Facilities to receive electric service. These contributions will be in the form of vested interest refunds and line capacity charges. Portions of the Interconnection Facilities subject to vested interest refunds and the maximum refund dollar amounts are described more particularly in the Agreement. Vested interest refunds will be collected for a ten-year period following the completion of the Phase 2 Requested Facilities.

YOU ARE FURTHER NOTIFIED that in order to equitably share the cost of the facilities for which Tamarack is providing a substantial CIAC, Idaho Power has agreed to collect a line capacity charge from all other customers attaching to facilities that utilize the Requested

Facilities to receive electric service. Line capacity charges would be assessed, collected and refunded to Tamarack as follows:

- (a) Idaho Power will inventory all lots that are currently being “served” but are not connected that might attach to facilities that will utilize the Requested Facilities to receive electrical service. These are the lots where the customer(s) have previously paid to install facilities to receive power on the lots, but the lots have not been connected. Capacity has previously been reserved for these lots, and customers have been advised that power is readily available to their lot. These lots will be exempt from paying the line capacity charges.
- (b) Schedule 01, Residential, and Schedule 01, Non-Residential Customers (or their successor schedules) would pay \$800 per connection.
- (c) Customers receiving service under Schedules 7, 9, 19, 24, 45 and 46 (or their successor rate schedules) would pay \$40 per kW of connected load.
- (d) Line capacity charges will be collected for a period ending five (5) years after the completion of the Phase 2 Requested Facilities, currently scheduled for November 1, 2004.
- (e) Line capacity charges collected by Idaho Power will be paid to Tamarack on a quarterly basis without interest.
- (f) Planned developments such as subdivisions will pay line capacity charges at the time of the application (when the lots are “served”) and not at the time of the physical power connection to the individual lot.
- (g) Cash allowances through Rule H would not be applicable to reduce line capacity charges.

YOU ARE FURTHER NOTIFIED that collections and refunds for both line capacity charges and vested interest payments will cease when Tamarack has been refunded 80% of the total amount Tamarack has paid for distribution facilities. Idaho Power will include the tax gross-up portion of Tamarack’s payments in the amount subject to refund to Tamarack. The total amount that could be refunded to Tamarack from vested interest payments and line capacity charges would be \$1,075,571.

YOU ARE FURTHER NOTIFIED that Tamarack will pay Idaho Power \$546,909 for substation capacity of 7.5 MW (2.5 MW for Schedule 19 load and 5 MW for non-Schedule 19

load). The prorated share for the non-Schedule 19 load of \$364,606 (5000 kW/7500 kW = 67% x \$546,909) is eligible for refund. Refunds will be available for a ten-year period following the completion of the Phase 2 Requested Facilities. Idaho Power will pay Tamarack \$73 per kW of load (based on estimated demand) for facilities installed within the Resort Project boundaries and taking service under Rate Schedule 01, 07, 09, 24, 45 and 46. The demand amount used for refunding purposes will include a diversity factor and will be equivalent to the demand on the substation. The estimated demand for a subdivision lot will be 10 kW per lot for a refund amount of \$730 per lot. Substation refunds to Tamarack will be made after the final 2004 payment, and only after the completion of the individual distribution work orders have been completed. These refund payments will be made without interest and with a maximum refund payout of \$364,606.

NOTICE OF MODIFIED PROCEDURE

YOU ARE FURTHER NOTIFIED that the Commission has reviewed the filings of record in Case No. IPC-E-04-12. The Commission has preliminarily determined that the public interest may not require a hearing to consider the issues presented in this case, and that the issues raised by the Company's filing may be processed under **Modified Procedure**, i.e., by written submission rather than by hearing. IDAPA 31.01.01.201-204. In so doing, the Commission notes that Modified Procedure and written comment have proven to be an effective means for obtaining public input and participation.

YOU ARE FURTHER NOTIFIED that the Commission will not hold a hearing in this proceeding unless it receives written protests or comments opposing the use of Modified Procedure and stating why Modified Procedure should not be used. IDAPA 31.01.01.203.

YOU ARE FURTHER NOTIFIED that if no protests or comments are received within the deadline, the Commission may consider the matter and enter its Order without a hearing. If protests or comments are filed within the deadline, the Commission will consider them and may set the matter for hearing or may decide the matter and issue its Order on the basis of the written positions before it. Reference IDAPA 31.01.01.204.

NOTICE OF COMMENT DEADLINES

YOU ARE FURTHER NOTIFIED that any person desiring to state a position on this Application may file a written comment in support or opposition with the Commission by **no**

later than July 16, 2004. The comment must contain a statement of reasons supporting the comment. IDAPA 31.01.01.202.02. Persons desiring a hearing must specifically request a hearing in their written comments. Written comments concerning this Application shall be mailed to the Commission and the Applicant at the addresses reflected below:

COMMISSION SECRETARY
IDAHO PUBLIC UTILITIES COMMISSION
PO BOX 83720
BOISE, IDAHO 83720-0074

Street Address for Express Mail:
472 W WASHINGTON ST
BOISE, ID 83702-5983

BARTON L. KLINE
MONICA B. MOEN
GREGORY W. SAID
IDAHO POWER COMPANY
PO BOX 70
BOISE, ID 83707-0070
Email: bkline@idahopower.com
mmoen@idahopower.com
gsaid@idahopower.com

STEVEN J. MILLEMAN
MILLEMANN, PITTENGER, MCMAHAN
& PEMBERTON, LLP
PO BOX 1066
MCCALL, ID 83638
Email: sjm@citlink.net

JEAN PIERRE BOESPFLUG
TAMARACK RESORT LLC
475 S. CAPITAL BLVD, SUITE 200
BOISE, ID 83702

These comments should contain the case caption and case number shown on the first page of this document. Persons desiring to submit comments via e-mail may do so by accessing the Commission's homepage located at www.puc.state.id.us. Click the "Comments and Questions" icon, and complete the comment form, using the case number as it appears on the front of this document. These comments must also be sent to the Applicant at the e-mail addresses listed above.

YOU ARE FURTHER NOTIFIED that Idaho Power Company shall have until **July 22, 2004** to file a written response to any comments, if it so desires.

YOU ARE FURTHER NOTIFIED that Idaho Power's Application can be viewed online at www.puc.state.id.us by clicking on "File Room" and "Electric Cases," or it can be viewed during regular business hours at the Idaho Public Utilities Commission, 472 West Washington Street, Boise, Idaho and Idaho Power Company located at 1221 West Idaho Street in Boise, Idaho (388-2200).

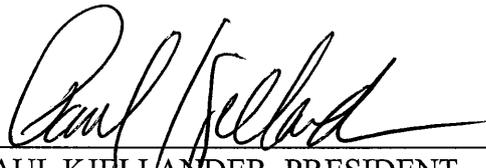
NOTICE OF APPLICATION
NOTICE OF MODIFIED PROCEDURE
NOTICE OF COMMENT DEADLINES
ORDER NO. 29509

YOU ARE FURTHER NOTIFIED that the Commission has jurisdiction over this matter and Idaho Power Company, an electric utility, pursuant to the authority and power granted under Title 61 of the Idaho Code and the Commission's Rules of Procedure, IDAPA 31.01.01.000 *et seq.*

ORDER

IT IS HEREBY ORDERED that this case be processed under Modified Procedure and the foregoing schedule be adopted.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 28th day of May 2004.



PAUL KJELLANDER, PRESIDENT



MARSHA H. SMITH, COMMISSIONER



DENNIS S. HANSEN, COMMISSIONER

ATTEST:


Jean D. Jewell
Commission Secretary

O:IPCE0412_in