

DECISION MEMORANDUM

TO: COMMISSIONER REDFORD
COMMISSIONER SMITH
COMMISSIONER KEMPTON
COMMISSION SECRETARY
LEGAL
WORKING FILE

FROM: KEITH HESSING

DATE: JANUARY 14, 2009

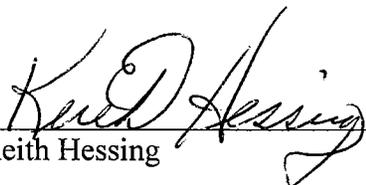
RE: CASE NO. IPC-E-09-01, TEMPORARY AMENDMENT TO THE MICRON
ESA

On January 12, 2009, Idaho Power Company filed an Application with the Commission requesting approval of a temporary amendment to its Electric Service Agreement with Micron Technologies, Inc. The proposed amendment includes Schedule 26A that is a new schedule. It is proposed that Schedule 26A be effective January 1, 2009 through June 30, 2009. Schedule 26A removes the Monthly Contract Demand Charge but increases the Monthly Billing Demand Charge and the Base Monthly Energy Charge such that the proposed rate changes calculate to be revenue neutral. Idaho Power Company requests that the Application be processed under Modified Procedure.

Micron is in the process of restructuring and has requested the change to facilitate that process. The rate changes have been agreed to by both Idaho Power and Micron. Unless other rates are approved by the Commission, Schedule 26A will expire June 30, 2009, and Schedule 26 rates will again be effective on July 1, 2009. Idaho Power's Application is attached.

STAFF RECOMMENDATION

I have reviewed Idaho Power's Application and believe that it should be approved without further process. Only Micron and Idaho Power are directly affected by the proposal and they agree on the proposed modifications.



Keith Hessing

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LISA D. NORDSTROM, ISB #5733
Idaho Power Company
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IDAHO PUBLIC
UTILITIES COMMISSION

NEW CASE

Attorneys for Idaho Power Company

Street Address for Express Mail:
1221 West Idaho Street
Boise, Idaho 83702

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)
OF IDAHO POWER COMPANY FOR A) CASE NO. IPC-E-09-01
TEMPORARY AMENDMENT TO THE)
ENERGY SALES AGREEMENT WITH) APPLICATION
MICRON TECHNOLOGY, INC.)
_____)

Idaho Power Company ("Idaho Power" or "the Company"), in accordance with Idaho Code § 61-524 and RP 52, hereby respectfully makes application to the Idaho Public Utilities Commission ("IPUC" or "the Commission") for an Order approving a temporary amendment to the Electric Service Agreement ("ESA") between Micron Technology, Inc. ("Micron") and Idaho Power and a revised Schedule 26 containing modified rates and charges for service to Micron. The Application is based on the following:

I. BACKGROUND

1. Idaho Power and Micron are signatories to a Commission-approved ESA dated September 1, 1995, under which Micron purchases electric energy and demand from Idaho Power for its Boise facility. Because Micron's demand exceeds 25,000 kW, the ESA is a special contract under the Company's rate Schedule 19.

2. Micron is in the process of restructuring its operations at its Boise facility. Micron estimates that this restructuring will take approximately six months. The ESA contains a monthly Contract Demand Charge, which may reduce Micron's flexibility in managing its electric consumption during the restructuring period. Idaho Power is amenable to adjusting the ESA Contract Demand Charge to accommodate Micron's restructuring so long as the revenue requirement received from Micron is unaffected based upon current authorized base rates effective June 1, 2008, under the billing determinants presented in IPC-E-08-10.

3. To accomplish the above-described mutual goals, Idaho Power and Micron have entered into a letter agreement which makes several changes to the rates, terms, and charges in the ESA. The letter agreement is enclosed with this Application as Attachment No. 1. In the letter agreement, the parties agree that the monthly Contract Demand Charge will be set at \$0.00 per kW of Contract Demand rather than the existing \$1.83 per kW of scheduled Contract Demand. The monthly Billing Demand Charge and the monthly Energy Charge will be increased so that Idaho Power can obtain the same revenue from Micron as it would have received with the monthly Contract Demand Charge.

4. With the changes to the Special Contract and Schedule 26 set out in the letter agreement, Micron receives the contract flexibility it needs and Idaho Power obtains the same revenues from Micron that it would have otherwise received consistent with paragraph 2 of this Application.

5. Also enclosed as Attachment No. 2 is a revised Schedule 26 which reflects the rates and charges described in the ESA. The enclosed Schedule 26 has been denominated as Schedule 26A to differentiate it from the Schedule 26 the Company is currently seeking in the pending general rate case. Attachment No. 2 includes a Schedule 26A in legislative format showing the proposed rate changes.

6. Also enclosed as Attachment No. 3 is a spreadsheet showing the derivation of the rate changes proposed in this filing.

7. Micron is immediately commencing the restructuring of its operations and therefore Idaho Power respectfully requests that the Commission expedite its review of this Application. Idaho Power believes that a hearing is not necessary to consider the issues presented herein and respectfully requests that this Application be processed under modified procedure; i.e., by written submissions rather than by hearing. RP 201, *et seq.* If, however, the Commission determines that a technical hearing is required, the Company stands ready to present its testimony and support the Application in such hearing.

8. It would be extremely helpful to Micron if the Commission could see fit to make the rate change set out in Schedule 26A effective January 1, 2009. Idaho Power is authorized to advise the Commission that Micron and the Staff of the Commission

have reviewed this Application and concur with the proposed changes, including the Company's request that the rate change be made effective January 1, 2009.

II. COMMUNICATIONS AND SERVICE OF PLEADINGS

9. Communication and service of pleadings with reference to this Application should be sent to the following:

Barton L. Kline
Lisa D. Nordstrom
Idaho Power Company
P.O. Box 70
Boise, Idaho 83707
bkline@idahopower.com
lnordstrom@idahopower.com

John R. Gale
Vice President, Regulatory Affairs
Idaho Power Company
P.O. Box 70
Boise, Idaho 83707
rgale@idahopower.com

Rick Malmgren
Micron Technology, Inc.
8000 Federal Way
P.O. Box 6
Boise, Idaho 83707-0006
remalmgren@micron.com

III. REQUEST FOR RELIEF

10. Idaho Power respectfully requests that the Commission issue its Order: (1) approving Attachment No. 1, the letter agreement to temporarily amend Micron's ESA, and (2) approving the rates and charges set out in the enclosed Schedule 26A to be in effect during the term of Attachment No. 1.

DATED at Boise, Idaho, this 12th of January 2009.



Barton L. Kline
Attorney for Idaho Power Company

**BEFORE THE
IDAHO PUBLIC UTILITIES COMMISSION**

CASE NO. IPC-E-09-01

IDAHO POWER COMPANY

LETTER AGREEMENT

ATTACHMENT NO. 1



JOHN R. GALE
Vice President
Regulatory Affairs

January 9, 2009

Dale Eldridge
Director of Facilities
Micron Technology, Inc.
8000 Federal Way
P.O. Box 6
Boise, Idaho 83707-0006

Re: Agreement to Temporarily Suspend the Application of the Contract Demand Charge Under the September 1, 1995, Electric Service Agreement between Micron Technology, Inc., and Idaho Power Company

Dear Mr. Eldridge:

Representatives of our two companies have been discussing Micron Technology, Inc.'s ("Micron's") request for a temporary suspension of the Contract Demand Charge under the above-referenced Electric Service Agreement ("ESA"). Micron is in the process of restructuring its operations at its Boise facility and the temporary suspension would provide Micron with needed flexibility to undertake its restructuring. Idaho Power is willing to accommodate Micron's request in a manner that is revenue neutral for Idaho Power.

Based on these understandings, Idaho Power and Micron have reached the following agreements:

1. The term of this agreement will run from January 1, 2009, through June 30, 2009.
2. The revised charges that will implement this agreement are set out in the proposed Schedule 26A, which is attached as Exhibit No. 1. These charges are summarized as follows:
 - a. Monthly Contract Demand Charge of \$0.00 per kW of Contract Demand which is set at 85,000 kW.
 - b. Monthly Billing Demand Charge of \$8.16 per kW of Billing Demand.
 - c. Daily Excess Demand Charge of \$0.226 per kW of demand that exceeds the Contract Demand of 85,000 kW.
 - d. Base Monthly Energy Charge of \$.016628 per kWh.
3. During the six month term of this agreement, unless the parties agree otherwise or, the Commission specifically orders a different rate design, any base rate revenue requirement changes authorized by the Commission that are applicable to Micron will be recovered from Micron by adjusting Micron's Billing Demand Charge and Energy Charge.

4. Charges set out in Schedule 55 (Power Cost Adjustment), Schedule 91 (Energy Efficiency Rider), and Schedule 95 (Adjustment for Municipal Franchise Fees) will not be changed by this agreement and will continue to apply in accordance with applicable Commission Orders.

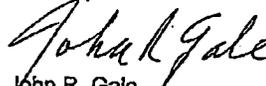
5. Prior to the end of the term of this agreement, Micron shall, subject to Idaho Power's reasonable approval, designate the Contract Demand which shall be effective under the ESA on July 1, 2009. The terms of the ESA shall otherwise remain unchanged except with respect to revisions to the ESA mutually agreed upon between the parties.

6. Unless specifically modified by this agreement, all other terms and conditions of the ESA remain in effect, including the application of the Daily Excess Demand Charge for demand in excess of 85,000 kW.

7. This agreement is subject to the review and approval of the Commission. Idaho Power will file this agreement and the proposed Schedule 26A, which is attached hereto as Exhibit No. 1, with the Commission. Idaho Power will request expedited review and request that the Commission make the rate changes set out in Schedule 26A effective as of January 1, 2009.

If you concur that the foregoing accurately sets forth the agreement of the parties, please indicate your concurrence by signing all three copies of this letter and returning two fully executed copies to me. Idaho Power will file the original with the Commission.

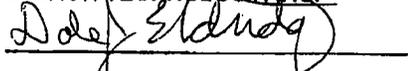
Cordially,


John R. Gale

JRG:mka

REVIEWED AND ACCEPTED BY:

~~MICRON TECHNOLOGY, INC.~~



January 9, 2009

REVIEWED
MTI Legal

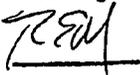


EXHIBIT NO. 1

**BEFORE THE
IDAHO PUBLIC UTILITIES COMMISSION**

CASE NO. IPC-E-09-01

IDAHO POWER COMPANY

SCHEDULE 26A

ATTACHMENT NO. 2

SCHEDULE 26A
IDAHO POWER COMPANY
ELECTRIC SERVICE RATE
FOR
MICRON TECHNOLOGY, INC.
BOISE, IDAHO

SPECIAL CONTRACT DATED SEPTEMBER 1, 1995

MONTHLY CHARGE

The Monthly Charge is the sum of the following charges, and may also include charges as set forth in Schedule 55 (Power Cost Adjustment), Schedule 91 (Energy Efficiency Rider), and Schedule 95 (Adjustment for Municipal Franchise Fees).

Monthly Contract Demand Charge

\$0.00 per kW of Scheduled Contract Demand

Scheduled Monthly Contract Demand

The Scheduled Monthly Contract Demand is 0 - 140,000 kW as per the contract with one year written notification.

Monthly Billing Demand Charge

\$8.16 per kW of Billing Demand but not less than Scheduled Minimum Monthly Billing Demand.

Minimum Monthly Billing Demand

The Minimum Monthly Billing Demand will be 25,000 kilowatts.

Daily Excess Demand Charge

\$0.226 per each kW over the Contract Demand.

The Daily Excess Demand Charge is applicable beginning January 1997 or once the Contract Demand reaches 100,000 kW, whichever comes first.

Monthly Energy Charge

1.6628¢ per kWh

Monthly O & M Charges

Zero percent of total cost of Substation Facilities.

SCHEDULE 26A
IDAHO POWER COMPANY
ELECTRIC SERVICE RATE
FOR
MICRON TECHNOLOGY, INC.
BOISE, IDAHO

SPECIAL CONTRACT DATED SEPTEMBER 1, 1995

MONTHLY CHARGE

The Monthly Charge is the sum of the following charges, and may also include charges as set forth in Schedule 55 (Power Cost Adjustment), Schedule 91 (Energy Efficiency Rider), and Schedule 95 (Adjustment for Municipal Franchise Fees).

Monthly Contract Demand Charge

\$1,830.00 per kW of Scheduled Contract Demand

Scheduled Monthly Contract Demand

The Scheduled Monthly Contract Demand is 0 - 140,000 kW as per the contract with one year written notification.

Monthly Billing Demand Charge

\$7,408.16 per kW of Billing Demand but not less than Scheduled Minimum Monthly Billing Demand.

Minimum Monthly Billing Demand

The Minimum Monthly Billing Demand will be 25,000 kilowatts.

Daily Excess Demand Charge

\$0.226 per each kW over the Contract Demand.

The Daily Excess Demand Charge is applicable beginning January 1997 or once the Contract Demand reaches 100,000 kW, whichever comes first.

Monthly Energy Charge

4.50681.6628¢ per kWh

Monthly O & M Charges

Zero percent of total cost of Substation Facilities.

**BEFORE THE
IDAHO PUBLIC UTILITIES COMMISSION**

CASE NO. IPC-E-09-01

IDAHO POWER COMPANY

**SPREADSHEET – DERIVATION OF RATE
CHANGES**

ATTACHMENT NO. 3

Idaho Power Company
Recalculation of Micron's Current Base Rates
State of Idaho
Normalized 12-Months Ending December 31, 2008
Revenue Neutral

Micron
Schedule 26A

Line No	Description	(1) Use	(2) 06/01/08 Base Rate	(3) 06/01/08 Base Revenue	(4) Proposed Base Rate	(5) Proposed Base Revenue
1	Billed kW	1,018,140.0	\$7.40	\$7,534,236	\$8.16	8,308,022
2	Excess Demand kW	0	0.226	0	0.260	0
3	Billed kWh	703,404,640	0.015068	10,598,901	0.016622	11,691,992
4	Contract kW	1,020,000	1.83	1,866,600	0.00	0
5	Total Schedule Billing			\$19,999,737		\$20,000,014

Note: Billing Determinants from General Rate Case No. IPC-E-08-10