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IDAHO PUBLIC UTILITIES COMMISSION

LISA D. NORDSTROM
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August 26, 2010

VIA HAND DELIVERY

Jean D. Jewell, Secretary
Idaho Public Utilities Commission
472 West Washington Street
P.O. Box 83720
Boise, Idaho 83720-0074

Re: Case No. IPC-E-10-23
**IN THE MATTER OF THE APPLICATION OF IDAHO POWER COMPANY
FOR AUTHORITY TO MODIFY SPECIAL CONTRACT ELIGIBILITY BY
REDUCING THE UPPER LIMIT OF POWER REQUIREMENTS FOR
LARGE LOAD CUSTOMERS**

Dear Ms. Jewell:

Enclosed for filing please find an original and seven (7) copies of Idaho Power Company's Application in the above matter.

In addition, enclosed are nine (9) copies of Michael J. Youngblood's testimony filed in support of the Application. One copy of Mr. Youngblood's testimony has been designated as the "Reporter's Copy." In addition, a disk containing a Word version of Mr. Youngblood's testimony is enclosed for the Reporter.

Very truly yours,

Lisa D. Nordstrom

LDN:csb
Enclosures

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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)
OF IDAHO POWER COMPANY FOR) CASE NO. IPC-E-10-23
AUTHORITY TO MODIFY SPECIAL)
CONTRACT ELIGIBILITY BY REDUCING) APPLICATION
THE UPPER LIMIT OF POWER)
REQUIREMENTS FOR LARGE LOAD)
CUSTOMERS.)
_____)

Idaho Power Company ("Idaho Power" or "Company"), in accordance with Idaho Code §§ 61-305, 61-306, 61-307, 61-622, and 61-623 and RP 52 and 131-134, hereby respectfully makes Application to the Idaho Public Utilities Commission ("IPUC" or the "Commission") for an Order authorizing reducing the upper limit for large power service under Schedule 19, agricultural irrigation service under Schedule 24, and point of delivery service requirements in Rule C from 25,000 kW to 20,000 kW. The Company requests that the tariff modifications become effective on or before January 1, 2011.

In support of this Application, Idaho Power represents as follows:

I. PROPOSED SCHEDULE 19 AND SCHEDULE 24 MODIFICATIONS

1. Since Order No. 16688 was issued in Case No. U-1006-159 in 1981, the Commission has authorized Idaho Power to serve customer loads from 750 kW to 25,000 kW under Schedule 19. Schedule 19, Large Power Service, is currently available and mandatory for customers who register a metered demand of 1,000 kW or more per billing period for 3 or more consecutive billing periods during the most recent twelve consecutive billing periods, up to a maximum demand of 25,000 kW. Schedule 24, Agricultural Irrigation Service, is applicable to agricultural use customers operating water pumping or water delivery systems used to irrigate agricultural crops or pasturage for loads up to 25,000 kW. A customer is not eligible for Schedule 19 or Schedule 24 service if its aggregate power requirement at one or more points of delivery on the same premises exceeds 25,000 kW. Point of Delivery Service requirements in Rule C state that a special contract is required when an aggregate power requirement exceeds 25,000 kW. In accordance with the schedule provisions and Rule C, these customers are required to make special contract arrangements with the Company. The Company, with this Application, proposes to reduce the 25,000 kW eligibility limit to 20,000 kW for both schedules and Rule C.

2. Idaho Power has filed this request in response to the continued high interest from potential large industrial load customers to take service from Idaho Power and responsible planning and development on the part of Idaho Power, which has a lack of capacity and other constraints on its system. At a time when the ability of Idaho Power's generation and transmission system to serve new load is constrained, the size

and operating characteristics of potential large loads can be very expensive to serve. By lowering the size limit, the Company can address service to growing or new load within a special contract, allowing for specific cost-of-service information as well as the unique operating characteristics of customers of this size to be considered and captured within the terms of the agreement. Special contracts can provide some protection to the Company's customers from unintended system impacts that large loads may impose because of their size and their time, nature, and pattern of use.

3. In conjunction with this Application, Idaho Power has filed the direct testimony of Michael J. Youngblood. Mr. Youngblood's testimony provides additional detail and presents evidence to support the Company's Application. As shown in Exhibit No. 1 to Mr. Youngblood's accompanying testimony, the Company's proposed change will not affect any current Schedule 19 or 24 customers of Idaho Power. This exhibit shows the maximum monthly kW demand of Idaho Power's ten largest retail tariff customers (other than current special contract customers) within its Idaho jurisdiction for the past five years, 2005 through 2009. The highest monthly billing demand of any customer was just over 16,000 kW.

4. Idaho Power currently has approximately 110 Schedule 19, Large Power Service, customers in its Idaho service territory. The Company also currently has four special contract customers: (1) Micron Technology, Inc., (2) the United States Department of Energy's Idaho National Laboratory, (3) the JR Simplot Company, and (4) Hoku Materials, Inc. These four customers range in size from 30 to 85 MWs of load. Currently, the Company has approximately 75 potential new customers system wide with loads greater than 1 MW and one potentially at 240 MW that have expressed

interest in obtaining service from Idaho Power. Of the larger ones, a single customer with a load of about 60 MW appears likely at this time to require service.

5. The most recent special contract, Hoku Materials, Inc., approved by the Commission on March 16, 2009, by Order No. 30748 in Case No. IPC-E-08-21 was developed with several regulatory goals for large load service in mind. These goals, as stated in Company witness Ric Gale's testimony in the aforementioned case, strive to meet the Company's obligation to serve large load customers in its service territory while protecting the Company and its many other retail customers from adverse system impacts that new large loads could impose in an environment when system capacity is limited and/or constrained. These goals are to: (1) provide requested service consistent with system capability and the reliability needs of existing customers; (2) provide options to the customer when the Company is unable to provide service as requested; (3) mitigate the rate impact on existing customers by developing a rate structure that includes a marginal price component for an initial term of the service agreement; (4) require upfront contributions to capital expenditures associated with facilities that specifically serve the large load customer; and (5) provide a means to quantify known and measurable amounts of additional load for Integrated Resource Planning. The Company's request in this case better enables it to manage the impacts of potential new large loads on its system in satisfaction of these goals.

6. Attached as Exhibit No. 2 to Company witness Michael J. Youngblood's testimony is a copy of the relevant tariff pages from Schedule 19, Schedule 24, and Rule C, containing the Company's proposed changes. In addition, attached as Exhibit

No. 3 to Company witness Michael J. Youngblood's testimony is a copy of the relevant tariff pages showing the proposed changes in legislative format.

II. MODIFIED PROCEDURE

7. 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.

III. COMMUNICATIONS AND SERVICE OF PLEADINGS

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

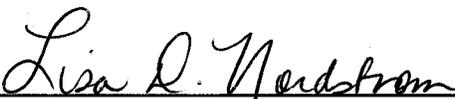
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IV. REQUEST FOR RELIEF

9. Idaho Power respectfully requests that the Commission issue an Order: (1) authorizing that this matter may be processed by Modified Procedure and (2) approving the Company's proposed modifications to Schedule 19, Schedule 24, and Rule C as shown in Exhibit No. 2, effective on or before January 1, 2011.

DATED at Boise, Idaho, this 26th day of August 2010.



LISA D. NORDSTROM
Attorney for Idaho Power Company