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IDAHO PUBLIC
UTILITIES COMMISSION

Attorneys for the Industrial Customers of Idaho Power

**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) COMMENTS OF THE INDUSTRIAL
THE UPPER LIMIT OF POWER) CUSTOMERS OF IDAHO POWER
REQUIREMENTS FOR LARGE LOAD)
CUSTOMERS

COMES NOW, the Industrial Customers of Idaho Power ("ICIP"), and respectfully submits these comments in response to Idaho Power Company's ("Idaho Power" or the "Company's") request for authorization to decrease the upper limit of eligibility for large load customers entitled to service under Schedule 19 and Schedule 24. Idaho Power's application requests authorization to reduce the upper limit of the eligibility for the Schedule 19 and Schedule 24 tariffs from an aggregate power requirement of 25,000 kilowatts ("kW") per customer premises, to an aggregate power requirement of 20,000 kilowatts ("kW"). ICIP

COMMENTS OF THE INDUSTRIAL CUSTOMERS OF IDAHO POWER

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opposes Idaho Power's request to the extent that it would apply to existing Schedule 19 customers who grow above the proposed, new, upper limit of 20,000 kW.

Idaho Power's filing states that the upper limit for eligibility for the Schedule 19 tariff has been 25,000 kW since 1981. *See* Direct Testimony of Michael J. Youngblood, p. 4 (Aug. 26, 2010) (citing Order No. 16688). Since that time, industrial customers whose loads exceed 25,000 kW at one premises have had to negotiate a special contract with the Company, rather than accept the Schedule 19 tariff contract terms and rates. The current Schedule 19 tariff also allows customers qualifying for the Schedule 19 tariff to elect to negotiate a special contract.

As justification for the request to lower the upper limit for Schedule 19 eligibility, the Company states, "In recent years, excess capacity has diminished to the point that new large loads will often drive the need to add new generation and/or new transmission." *Id.* at p. 4. Thus, according to the Company, lowering the eligibility cap from 25,000 kW to 20,000 kW will "assist the Company in its planning and management of new generation and/or new transmission to serve new large loads," and "provide more protection to other retail customers from the system impacts large loads may impose on system costs." *Id.* The Company further proposes, "Any existing customer whose power requirements grow and exceed a new cap of 20,000 kW will no longer be eligible for service under Schedule 19[.]" *Id.* at p. 6.

ICIP does not necessarily oppose the Company's proposal to require a special contract for new large loads that will result in a 20,000-kW increase in the Company's load requirements. Such new loads from new customers relocating to the Company's service territory would result

in a substantial increase in the Company's load requirements, which may well need to be addressed in a special contract to fully account for the cost of service to that new customer.

But the logic of the Company's concern with substantial new loads in a capacity constrained period does not lead to a conclusion that the incremental increase of an existing Schedule 19 customer's load to reach the new 20,000 kW cap requires a special contract. The Company indicates that several existing Schedule 19 customers have exceeded 14,000 kW in the last five years, and one has exceeded 16,000 kW. *See id.* at Exhibit No. 1. It is unfair and discriminatory to require a special contract for such existing Schedule 19 customers who may add an additional 4,000 kW to their operations at one premises, but to allow a new customer with a 4,000 kW load to have the option of taking service under either the Schedule 19 tariff or a special contract. Both scenarios result in an increase of only 4,000 kW that the Company may need to address with new generation or transmission, but only the existing Schedule 19 customer would be deprived of the option of taking service under Schedule 19 rather than engaging in the special contract process. The real issue the Company has identified is large load increases, not comparatively small increases in existing loads.¹

¹ The Company also relies on the lack of a formal objection to inclusion of the same proposed tariff amendments in the settlement of its general rate case in Oregon as a justification for the Idaho Commission to approve the proposed tariff changes. *See id.* at pp. 8-9. Reliance on the Oregon settlement in Case No. UE 213 is inappropriate for several reasons. First, no irrigation class representative (Schedule 24) participated in or signed that settlement. Second, the Schedule 19 and Schedule 24 customers in Oregon are far fewer than in Idaho, and the likelihood any would grow to over 20,000 kW is probably lower, decreasing the likelihood of contention over this issue in Oregon. Third, the tariff revision in Oregon was the result of a settlement of many issues in a general rate case, and any trading or negotiating on the issues is confidential. Under those circumstances, the Oregon settlement should carry no precedential

ICIP includes customers taking service under the Schedule 19 tariff, and some of those customers have negotiated special contracts. It has been ICIP members' experience that negotiating a special contract does not always result in a more beneficial outcome for the customer and the Company than the Schedule 19 tariff. Additionally, such negotiations can be costly and time-consuming for the customer and the Company. ICIP appreciates the opportunity provided by the Schedule 19 tariff to choose to negotiate a special contract when that option is appropriate. But ICIP members do not wish to lose the opportunity to take Schedule 19 service as a result of a comparatively small increase in their energy use that would not require a special contract if they were to locate that increase in load on new premises. ICIP therefore requests that existing Schedule 19 facilities that grow up to 25,000 kW should be given the option to continue taking service under Schedule 19 or negotiate a special contract.

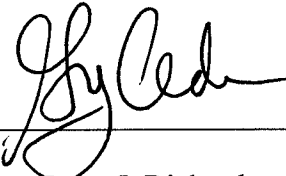
These proposed grandfathering criteria would not discriminate against new customers relocating to the Company's service area. This is so because most existing Schedule 19 customers would add far less incremental load increase to the Company's overall load requirements to reach 25,000 kW of demand than new, relocating customers would add to the Company's overall load requirements by adding a whole new load of 20,000 kW or more.

For the reasons set forth herein, ICIP respectfully requests that the Commission require the Company to include a grandfathering provision in the Company's proposed revision to Schedule 19 such that the upper limit for existing Schedule 19 customers will remain at 25,000 kW.

effect for the Commission's determination in this case.

DATED this 12th day of November, 2010.

RICHARDSON AND O'LEARY, PLLC

By:  _____

Peter J. Richardson
Gregory M. Adams
Attorneys for the Industrial
Customers of Idaho Power

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 12th day of November, 2010, I caused a true and correct copy of the foregoing **COMMENTS OF THE INDUSTRIAL CUSTOMERS OF IDAHO POWER** to be served by the method indicated below, and addressed to the following:

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Idaho Public Utilities Commission
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 Overnight Mail
 Facsimile
 Electronic Mail

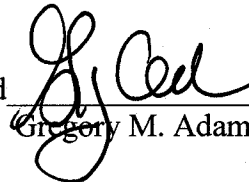
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Signed



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