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IDAHO PUBLIC UTILITIES COMMISSION

DONOVAN E. WALKER
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February 17, 2011

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-11-02
*IN THE MATTER OF THE PETITION OF IDAHO POWER COMPANY FOR
AN EXTENSION OF TIME FOR CONTINUATION OF ELECTRICAL
SERVICE BETWEEN IDAHO POWER COMPANY AND THE UNITED
STATES DEPARTMENT OF ENERGY*

Dear Ms. Jewell:

Enclosed for filing please find an original and seven (7) copies each of Idaho Power Company's Petition to Extend Term of Special Contract and Motion for Admission *Pro Hac Vice* of Idaho Power Company in the above matter.

Very truly yours,

Donovan E. Walker

DEW:csb
Enclosures

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IDAHO PUBLIC
UTILITIES COMMISSION

Attorneys for Idaho Power Company

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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE PETITION OF)	
IDAHO POWER COMPANY FOR AN)	CASE NO. IPC-E-11-02
EXTENSION OF TIME FOR)	
CONTINUATION OF ELECTRICAL)	PETITION TO EXTEND TERM OF
SERVICE BETWEEN IDAHO POWER)	SPECIAL CONTRACT
COMPANY AND THE UNITED STATES)	
DEPARTMENT OF ENERGY.)	
)	

Idaho Power Company ("Idaho Power" or "Company") in accordance with Idaho Code §§ 61-501, 502, and 503, and RP 56 (IDAPA 31.01.01.056), hereby respectfully petitions the Idaho Public Utilities Commission ("Commission") for an Order approving an extension of the term of the special contract between the Company and the United States Department of Energy ("DOE") allowing for the continuation of electric service between Idaho Power and DOE.

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

I. BACKGROUND

1. The DOE, through its Idaho operations office, operates the facilities at the Idaho National Laboratory Site located approximately 50 miles west of Idaho Falls,

Idaho ("INL Site"). The DOE and its predecessors have been customers of Idaho Power for many years. Idaho Power supplies electric service to DOE under a special contract, in accordance with the rates and charges set out in Electric Service Rate Schedule 30 ("Schedule 30") and its successor schedules.

2. The current special contract between Idaho Power and DOE was approved by the Commission on May 8, 2006, by Order No. 30030 issued in Case No. IPC-E-06-12 ("2006 Agreement"). The initial term for the 2006 Agreement ran from May 15, 2006, through May 14, 2007. The 2006 Agreement gives DOE the option to request up to four, one-year extensions of the 2006 Agreement. The 2006 Agreement has previously had four additional one-year extensions, all of which were approved by the Commission. The first extension from May 15, 2007, to May 14, 2008, was approved by Order No. 30314 in Case No. IPC-E-07-11. The second extension from May 15, 2008, to May 14, 2009, was approved by Order No. 30536 in Case No. IPC-E-08-08. The third extension from May 15, 2009, to May 14, 2010, was approved by Order No. 30816 in Case No. IPC-E-09-14. The fourth extension from May 15, 2010, to May 14, 2011, was approved by Order No. 31075 in Case No. IPC-E-10-14 (the "2010 Extension"). Because there are no more options to extend the term of the 2006 Agreement, the 2006 Agreement is set to expire on May 14, 2011.

3. Idaho Power and DOE have worked diligently toward negotiating a new special contract to replace the 2006 Agreement. However, the parties need an additional 120 days past the expiration of the current term which ends on May 14, 2011, with which to finalize negotiations and execute a new agreement.

4. In April 2010, Idaho Power convened an internal team of legal and regulatory personnel to begin outlining the issues associated with negotiating a new

contract with DOE for the INL Site. Throughout May and June 2010, Idaho Power personnel continued to work internally on legal, regulatory, and technical issues related to a new contract. In June and July 2010, Idaho Power field personnel reviewed the facilities serving the INL Site to determine whether any metering or facilities management issues existed. In August 2010, Idaho Power engineering personnel continued to conduct further technical analysis associated with providing service to the INL Site. By September 2010, Idaho Power had identified, at a general level, potential new terms and conditions to consider proposing to DOE for the new contract. In October 2010, Idaho Power conducted a study to evaluate the revenue impacts associated with implementing the proposed new terms and conditions.

5. Idaho Power and DOE engaged in various levels of dialogue during November and December 2010 discussing a new contract for the INL Site. Discussions between Idaho Power and DOE representatives are ongoing.

6. DOE has indicated that they have many steps they must complete as part of the government contracting process prior to being in a position to execute a new contract. DOE facilities seeking to enter into electric service agreements are required to follow a specific DOE procurement process. This process entails several steps, each of which requires representatives of a DOE facility to prepare information for review and approval by DOE headquarters in Washington, DC. DOE representatives at the INL Site have begun this internal procurement process and expect that the administrative aspects of it will be completed within the next 60 days.

7. Based upon initial discussions between DOE and Idaho Power, DOE expects that it will take at least four months from now for it to be in a position to execute a new contract with Idaho Power. In particular, DOE anticipates that it will need to

consult with representatives of several DOE Program Offices to better understand future electrical requirements at the INL Site as well as examine what factors may cause the INL Site's electrical requirements to change in the future. These factors could include, for example and without limitation, incremental loads DOE may wish to locate at the INL Site over the term of a newly negotiated electric service agreement, as well as any load reductions DOE may wish to pursue associated with energy efficiency improvements and renewable energy projects. Currently, it is unclear how long it will take to complete these consultations. In addition, DOE has determined that it will need to undertake various analytical studies to be in a position to adequately respond to various aspects of a new service agreement with Idaho Power. DOE has informed Idaho Power that it is just now formulating a timetable for completing these studies.

8. Importantly, Idaho Power's revenue requirement for the INL Site has been updated at various times since Idaho Power and DOE executed the 2006 Agreement. Rates for the INL site have been adjusted during Idaho Power's general rate cases as well as other rate filings. Thus, while the 2006 Agreement is nearly five-years old, the rates charged to the INL Site are up-to-date. If the Commission grants the extension of time requested herein, the existing 2006 Agreement as amended by the 2010 Extension will be further updated by any other Idaho Power rate change as ordered by the Commission. Further, if the Commission does not grant this Petition, the current 2006 Agreement will expire and there will be no legal mechanism (i.e., tariff) by which Idaho Power would be able to provide service to the INL Site. Schedule 19, Idaho Power's schedule to serve its large customers, is capped at 20,000 kilowatts ("kW"). Under Exhibit A of the current contract, DOE's estimated energy demand at the INL Site

ranges from 27,000 kW to 54,000 kW. Thus, DOE is ineligible to receive Schedule 19 services at the INL Site.

9. Moreover, Idaho Power does not believe that it will be able to execute a new contract with DOE for the INL Site prior to the May 14, 2011, termination date of the 2010 Extension to the 2006 Agreement. Accordingly, Idaho Power respectfully requests that the Commission grant a 120-day extension to the term of the existing 2006 Agreement.

II. RECOMMENDED PROCEDURE

10. Because the term of the 2010 Extension to the 2006 Agreement expires on May 14, 2011, Idaho Power requests that the Commission process this Petition prior to the expiration of the current term on May 14, 2011. If this proceeding should run past the expiration of the current term, Idaho Power requests that the Commission approve an extension of the current term until this Petition is ruled upon by the Commission. Should the Commission grant an extension of time, Idaho Power will make a compliance filing with the Commission to include an executed contract amendment formally extending the term of the 2006 Agreement. The previous four, one-year contract term extensions were approved by the Commission with no additional process or procedure. As was done on those previous occasions, Idaho Power requests that the Commission issue its Order approving this 120 day contract term extension with no further process or procedure.

III. COMMUNICATIONS AND SERVICE OF PLEADINGS

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

For Idaho Power Company:

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For the United States Department of Energy:

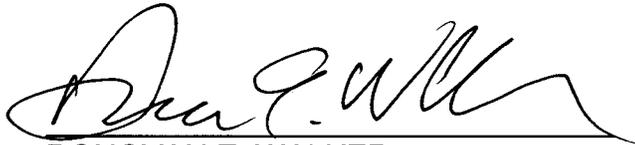
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IV. REQUEST FOR RELIEF

12. Idaho Power respectfully requests that the Commission issue an Order: (1) approving a 120-day extension to the term of the 2006 Agreement as modified by the 2010 Extension for the continuation of electric service between Idaho Power and the DOE and (2) if necessary, approving the continuation of the contract term until the Commission issues its Order on this Petition.

DATED at Boise, Idaho, this 17th day of February 2011.



DONOVAN E. WALKER
Attorney for Idaho Power Company

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 17th day of February 2011 I served a true and correct copy of PETITION TO EXTEND TERM OF SPECIAL CONTRACT upon the following named parties by the method indicated below, and addressed to the following:

Commission Staff

Donald L. Howell, II
Deputy Attorney General
Idaho Public Utilities Commission
472 West Washington
P.O. Box 83720
Boise, Idaho 83720-0074

Hand Delivered
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 Overnight Mail
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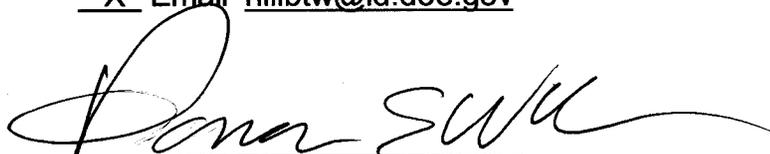
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