

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

<b>IN THE MATTER OF IDAHO POWER'S</b>	)	
<b>APPLICATION FOR APPROVAL OF ITS</b>	)	<b>CASE NO. IPC-E-11-13</b>
<b>2011 ELECTRIC SERVICE AGREEMENT</b>	)	
<b>WITH THE UNITED STATES</b>	)	
<b>DEPARTMENT OF ENERGY</b>	)	<b>ORDER NO. 32354</b>
	)	

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On July 7, 2011, Idaho Power Company applied to the Commission for an Order approving the Company's 2011 agreement with the U.S. Department of Energy (DOE) to provide electric service at the Idaho National Laboratory (the "2011 Agreement"). The 2011 Agreement will take effect on September 15, 2011, subject to Commission approval.

On August 4, 2011, the Commission issued a Notice of Application and Notice of Modified Procedure setting an August 25, 2011 comment deadline. *See* Order No. 32315. On August 15, 2011, Commission Staff filed comments and recommended that the 2011 Agreement be approved in the public interest. Staff's comments were the only comments filed in the case.

In this Order, the Commission grants the Company's Application and approves the 2011 Agreement with an effective date of September 15, 2011.

**FINDINGS OF FACT**

The Commission, having reviewed the Company's Application, the 2011 Agreement, Staff's comments, and the other filings of record in this case, finds as follows:

***A. Background***

The Commission approved Idaho Power's current special services agreement with the DOE in 2006 (the "2006 Agreement"). The 2006 Agreement stated that Idaho Power will provide electric service under Schedule 30. The rates and charges for providing service under Schedule 30 were subject to change in an appropriate ratemaking proceeding (the "tariff standard," as opposed to the "contract standard" where the rates are fixed in the contract).

The 2006 Agreement had a one-year term, subject to four, one-year renewal options. Each option was exercised with the Commission's approval, which extended the 2006 Agreement's term through May 2011. As that date approached, however, the parties asked the Commission to further extend the 2006 Agreement's term to allow the parties more time to

negotiate a new agreement. The Commission approved the parties' request and extended the 2006 Agreement's term until September 14, 2011.

### ***B. The 2011 Agreement***

Following negotiations, Idaho Power and DOE signed the 2011 Agreement on June 30, 2011. The 2011 Agreement is similar to the 2006 Agreement. There is additional definition and clarifying language in the 2011 Agreement. The 2011 Agreement also contemplates the following:

- Term: The 2011 Agreement changes the term from a one-year term with four one-year options, to a single five-year term that (if approved) will begin on September 15, 2011, and expire on September 14, 2016. *See* 2011 Agreement, § 1.1 (Term of Authorization);
- Contract Demand: Like the 2006 Agreement, the 2011 Agreement sets the initial contract demand level at 45 MW, while enabling the DOE to demand up to 55 MW upon 12 months written notice. Both Agreements also state that the DOE may ask Idaho Power for additional demand above 55 MW, and note that any such additional amounts may be granted at Idaho Power's discretion.<sup>1</sup> The 2011 Agreement differs in that it would enable the Company to assess a contract demand charge to the DOE in an effort to allow "for more flexible rate design and for consistency with other large special contract customers." If assessed, the contract demand charge will be contained in Schedule 30. *See* 2011 Agreement §§ 4 and 6; Application at 3; and
- Schedule 30: The parties anticipate that Idaho Power's pending general rate case (IPC-E-11-08) will result in new rates. Accordingly, while the 2011 Agreement will not immediately change Idaho Power's Schedule 30 rates, the parties expect the Schedule 30 rates will be modified after the Commission issues its final Order in the rate case. *See* Application at 3; 2011 Agreement, § 6.1. The rates and charges under the 2011 Agreement are the rates provided in Idaho Power electric tariff rate Schedule 30 and are subject to change in rate proceedings.

### ***C. Staff Comments***

Staff reviewed the Company's Application and filed comments similar to those set forth in Sections A and B, above. Staff opined that the 2011 Agreement is in the public interest, and it recommended that the Commission approve the 2011 Agreement with an effective date of September 15, 2011.

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<sup>1</sup> The initial Decision Memorandum stated that the 2011 Agreement increases the demand ceiling. In actuality, the 2011 and 2006 Agreements set the same demand ceiling.

The Commission finds that the 2011 Agreement is just and reasonable and in the public interest.

### CONCLUSIONS OF LAW

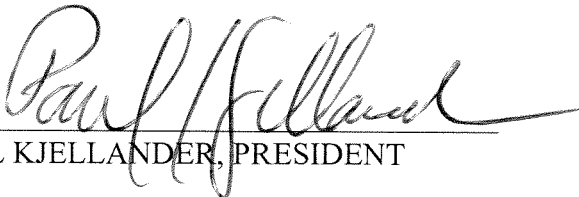
The Commission has jurisdiction over Idaho Power Company, an electric utility, and the issues presented in this case pursuant to Idaho Code, Title 61, and the Commission's Rules of Procedure, IDAPA 31.01.01.000 *et seq.*

### ORDER

IT IS HEREBY ORDERED that the Company's Application is granted: the Commission hereby approves the 2011 Agreement for an effective date of September 15, 2011.

THIS IS A FINAL ORDER. Any person interested in this Order may petition for reconsideration within twenty-one (21) days of the service date of this Order. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. See *Idaho Code* § 61-626.

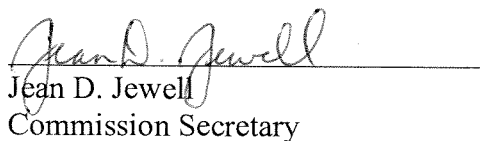
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 13<sup>th</sup> day of September 2011.

  
PAUL KJELLANDER, PRESIDENT

  
MACK A. REDFORD, COMMISSIONER

  
MARSHA H. SMITH, COMMISSIONER

ATTEST:

  
Jean D. Jewell  
Commission Secretary

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