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IDAHO PUBLIC
UTILITIES COMMISSION

Attorneys for Glanbia Foods, In.

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER IDAHO POWER) **CASE NO. IPC-E-13-09**
GLANBIA FOODS, INC. FOR)
APPROVAL OF AN ALLOWANCE) GLANBIA FOODS, INC.'S
PURSUANT TO IDAHO POWER'S RULE) ADDITIONAL COMMENTS FOR
H) APPROVAL OF AN ALLOWANCE
) PURSUANT TO IDAHO POWER'S
) RULE H

Pursuant to that Order No. 32862 issued in this docket on July 31, 2013, by the Idaho Public Utilities Commission (the "Commission"), Glanbia Foods, Inc. ("Glanbia") by and through its attorney of record, Peter Richardson, hereby responds to the Commission's directive, to wit:

Because Case No. IPC-E-08-22 focused on residential customer facilities and allowances, the Orders issued in that case do not address how to calculate an allowance for a Schedule 19 customer when an allowance is appropriate. The Commission will extend the comment period in this case and ask the parties to address this issue.¹

In addition to addressing how to calculate an allowance for Glanbia, the Commission also stated:

In that discussion the parties should consider how to structure an allowance for Glanbia's project so that it does not create a cost risk to Idaho Power's other customers. If an allowance were given and Glanbia thereafter did not continue as a customer, the portion

¹ Order No. 32862 at p. 6.

of facilities costs recovered through Glanbia's rates would be lost, and the cost of the allowance would be paid by all customers. There is nothing to indicate Glanbia's proposed project is speculative; nonetheless, the parties should consider how an equitable allowance can be structured to eliminate any potential cost to the Company's general body of customers.²

Glanbia's comments will address both issues as well as the issue of the creation of a Reserved Capacity interest on Glanbia's part in the future use of the facilities being installed as well as a couple of contracting issues.

PROPER ALLOWANCE CALCULATION

The Commission noted that the Staff and Glanbia proposed an allowance based on identified costs embedded in rates, but also that the Commission had abandoned that approach in Case No. IPC-E-08-22. In its stead, the Commission adopted an allowance calculation based on the actual costs of terminal facilities that will be used to serve the customer who is charged:

Distribution facilities, in contrast, are easily identified to specific customers, and those costs historically have been collected partially through rates and partially in up-front contributions from new customers. The portion of facilities costs collected through electric rates represents the investment in new facilities made by Idaho Power, and "is often referred to as an installation or construction 'allowance.'" Order No. 30853, p. 10. The Commission approved new allowances for residential customers based on the costs to provide standard terminal facilities for each of those customers, and clarified on reconsideration that the approach was different from the previous method that attempted to determine what portion of distribution plant was embedded in customer rates. Order No. 30955, pp. 20 – 23.³

The Commission concluded by explicitly identifying the type of facilities that will be used to measure the proper allowance:

The Commission approved specific allowance for single-phase and three-phase service, and the key factor was that the allowances were "based on the costs of standard terminal facilities that will be used to serve only the customer who is charged." Order No. 30955, p. 22.⁴

² *Id.*

³ *Id.*

⁴ *Id.* Emphasis provided.

The “terminal facilities” that will be used to serve only Glanbia is the transformer (and related equipment) that will be placed on Glanbia property that will be deeded over to Idaho Power. The exact cost of the transformer installation will not be known until the work order is issued and the work complete. That said, the attached Facilities Study Report issued by Idaho Power estimates the cost for the terminal facilities to serve Glanbia to be approximately \$3,784, 127.⁵ This is the amount, according to the Commission’s current policy on allowances, of the allowance due to Glanbia.

Glanbia’s electric bill, once the upgrade is complete will be approximately twice the size of this allowance on an annual basis. To put that into perspective, the standard allowance for a residential customer is over two times a typical residential customer’s annual bill. So, on a comparative basis, the proposed allowance for Glanbia is a mere fraction of the standard residential allowance on a proportionate basis.

PROTECTION OF OTHER CUSTOMERS

While recognizing that the Glanbia proposed expansion is not “speculative,” the Commission asked the parties how to eliminate any potential cost to the Company’s (Idaho Power) general body of ratepayers should the Glanbia load be lost. Because Glanbia is owned by an international corporation with a balance sheet much larger than Idaho Power’s, this should not be a concern. That said, Glanbia would be willing to execute a note or other guarantee, in a form satisfactory to the Commission, that would be due in the event the Glanbia facility closes or significantly reduces its consumption of power. The magnitude of the note or guarantee could

⁵ See page 4, 138/34.5 kV 30 MVA Substation.

slowly depreciate or it could expire at a date certain, again as the Commission deems appropriate.

RESERVED CAPACITY IN TRANSMISSION LINE

It is admittedly unlikely that additional customers will move into the area and utilize the new transmission line and substation transformer that Glanbia is paying for. Glanbia nevertheless, would like to have this Commission recognize its right to that line (or equivalent amount of capacity) for a time certain. The Commission has, in the past made such recognitions⁶ and because it is unlikely to become an issue, should be able to do so in this case without reservation. A likely retort to this request might be, if it is unlikely to become an issue then why ask for the vested interest in the first place. Glanbia's management is concerned about uncertainty and understandably would not like to have to go through the tiresome process of negotiating line extensions again in the future, if it can be avoided. Glanbia recommends that its reserved capacity in the total capacity of the new line be preserved for at least a twenty year period.

NEWLY CREATED CAPACITY BONUS

Glanbia's expansion will cause the existing Gooding Substation, from which the plant is currently served, to have an additional nine MW of freed-up capacity. While Glanbia is not making a claim to any vested interest in that additional capacity, it is important for the Commission to recognize, as it considers Glanbia's requests herein, that its expansion will have

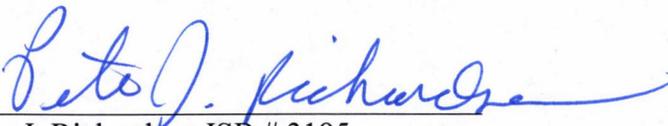
⁶ See Joint Application of Idaho Power Company and Tamarack Resort LLC for Approval of an Agreement to Provide Electric Distribution Facilities, Case No. IPC-E-04-12, Order No. 29589.

beneficial effects on the company and its ratepayers over and above the additional revenue the Company will realize as a result of Glanbia's expansion.

CONTRACT ISSUES

Glanbia management has a strict policy of not contracting with vendors, such as Idaho Power on an open ended basis. That is, the agreement for this line extension will have to have a not to exceed number that can be relied upon by Glanbia for its financial planning purposes. Therefore, Glanbia urges the Commission to instruct Idaho Power to provide in its notice to proceed a not to exceed cost estimate that can be relied upon without contingency. In addition, it is Glanbia's management policy that vendors commit to complete work within a specified time frame. Therefore Glanbia urges the Commission to instruct Idaho Power to provide in its notice to proceed a commitment to complete the upgrade by a date certain that can be relied upon by Glanbia without contingency. Such commitments are common, reasonable business practices that Idaho Power should be held to account for.

Respectfully submitted this 22nd day of August 2013.

By 
Peter J. Richardson ISB # 3195

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on the 25th day of March, 2013, a true and correct copy of the within and foregoing **GLANBIA FOODS's ADDITIONAL COMMENTS FOR APPROVAL OF AN ALLOWANCE** was served in the manner shown to:

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Commission Secretary
Idaho Public Utilities Commission
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Hand Delivery
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Nina Curtis
Administrative Assistant

FACILITY STUDY REPORT

Facility Study

For

GLANBIA FOODS

In

GOODING, IDAHO

IDAHO POWER COMPANY

Revised

November 27th, 2012

1.0 Introduction

Glanbia Foods (Glanbia) has contracted with Idaho Power Company (IPC) to prepare this Facility Study Report (FSR) for the integration of an additional seven MW of power to their facility in Gooding, Idaho. This will bring Glanbia's total load to 19 MW. This FSR documents the upgrades to the IPC electrical system required to meet this load request and is based upon the requirements outlined in a Large Load Feasibility Study (dated August 9, 2012) produced by IPC.

2.0 Required Upgrades to the IPC Electrical System

In order to provide a total of 19 MW (nine MW existing, three MW planned, seven MW requested) to the Glanbia facility, a new substation will need to be constructed at that location. A new ten mile long 138 kV transmission line will need to be constructed to bring power to this new substation. See the attached line route map, substation single line diagram, and substation general location drawing. These new upgrades to the IPC electrical system will be owned, operated and maintained by IPC and as such are available to serve other customers.

3.0 Engineering Overviews

Substations: Design and construction of substation work will be carried out to IPC specification. The substation will consist of a standard grounded, graveled, fenced yard. Equipment will rest on concrete foundations with either aluminum or galvanized steel support structures. Standard IPC substation equipment and apparatus will be used in order to have the ability to backup and quickly replace equipment as well as for maintenance efficiency. Geotechnical and land surveys will be performed as necessary to support design and construction. A three-leg dead-end structure will be installed for the transmission line. Other equipment installed include air break switches 041B and 042B for line switching; 101X and 042X for an emergency mobile transformer connection; and 131X, 131Z, and 131L for transformer protection and switching. The distribution feeder lines and breakers were requested utilizing an open bus arrangement. This arrangement requires a control building to house the control equipment, consisting of relay and communication panels, DC batteries, SCADA equipment, load centers, and cabling.

Lines: Standard IPC design and construction will be utilized. Transmission structures will be wood single pole structures with a single shield wire.

Line Right-of-Way (ROW): In order to avoid the high costs associated with relocating a transmission line, IPC requires private ROW easements for these facilities. IPC will hire a licensed land surveyor to create the legal descriptions and confirm ownership and title for the easement properties. IPC will create the appropriate easement documents for the line route, and will negotiate with and secure these easements from the property owners. The costs and time required to secure these easements can vary widely depending upon the disposition of the property owners.

Communication: A dedicated phone line will be the communication path for SCADA, system protection and control.

Protection: For feeder protection, a standard two-feeder control and relaying panel will be equipped for the Glanbia feeder (041A) and a future feeder. The panel will be installed in the building. The relaying will consist of dual SEL-351A's and a shared SEL-501X. A complete control module will be installed even though half of the equipment will not be used until another feeder is required.

Bus differential protection consists of a standard transformer/bus protection control and relaying panel equipped to protect the 138/34.5kV transformer and the 34.5kV bus. The panel will be installed in the building. The relaying will consist of dual SEL-587 relays with associated lockouts. One relay will wrap the transformer. The other relay will wrap the transformer, both feeders, and the 34.5kV capacitor bank's bus.

A standard shunt capacitor control and relaying panel will be equipped to protect the 138kV capacitor bank. The panel will be installed in the building. The relaying will consist of dual SEL-421 relays. The protection requires current inputs from two current transformers (preferably those from a substation class breaker), a voltage input from a three-phase 138kV instrument transformer, and a voltage input from the capacitor bank.

4.0 Regulations, Permitting, and Other Requirements

City Permitting: A Special Use Permit or Variance is required by the City of Gooding where the proposed transmission line transitions through the city boundaries. IPC will be responsible for securing this permit.

County Permitting: A Conditional Use Permit is required from Gooding County for the substation portion of this project. IPC will be responsible for securing this permit.

5.0 Customer Requirements

Substation Property: Glanbia will provide right-of-way easements for access to the transmission and distribution lines across their property, to and from the IPC substation. Glanbia will donate and transfer ownership of the property necessary for the substation to IPC. IPC will be supplying 34.5 kV power to Glanbia out of the substation. The cost for all upgrades or modifications to IPC owned distribution facilities beyond the point of delivery (metering point) will be added to Glanbia's Distribution Facilities Investment (DFI) and will be subject to a monthly facility charge.

System Requirements: The proposed factory will need to stay within the power factor requirements set by IPC. Glanbia will be responsible for this power factor correction. The distribution of this reactive compensation and single points of failure, that might disconnect large reactive compensation amounts or large load values, concern IPC due to potential problems like nuisance tripping.

Coordination: Glanbia shall coordinate with IPC personnel in all aspects associated with IPC facility upgrades.

6.0 Estimated Costs

The following tables list cost estimates for the upgrades needed to accommodate the proposed project based on the information available today. Note that this estimate does not include the cost of the customer's equipment and facilities or costs associated with compensating for power factor. If the power factor at the substation transformer requires compensation for power factor or harmonics, these facilities will also be installed in the substation at the expense of Glanbia. This is discussed further in the Power Factor Correction Options section below.

Glanbia's payments will not give Glanbia any ownership rights in the new substation and transmission facilities. All ownership of these facilities will remain with IPC.

Glanbia New 138kV Line and Substation Estimated Costs

138/34.5 kV 30 MVA Substation	\$2,407,205
Tax Gross Up	\$746,234
Contingency (20%)	\$630,688
Estimated Costs	\$3,784,127
138 kV Transmission Line	\$2,891,699
Tax Gross Up	\$896,427
Contingency (20%)	\$757,625
Estimated Costs	\$4,545,751
Combined Substation and Transmission Tap Estimated Cost	\$8,329,877

These cost estimates include scoping and design labor, materials, and installation labor costs, overheads, contingency and tax-gross up. Please note that the ROW easement costs can vary widely depending upon the property owners. The ROW costs in this estimate are based upon paying 50% of the estimated value of the land. Allowance for Funds Used During Construction (AFUDC) are not included since this project will be funded by Glanbia as it moves forward. These are estimated costs only and **final charges to the customer will be based on the actual construction costs incurred**, including overheads and tax-gross up. Please note that the overhead rate and tax gross-up percentages may vary during the year.

Reliability Options

As a result of the increased demand requested by Glanbia, the 138kV transmission system cannot support their entire load in addition to existing customers' load during certain outages at peak loading times during winter. There are two low-probability outage scenarios for which this can occur:

Outage #1: Bus or breaker short circuit at the King substation (avg repair time = 10 hrs*) during high loading levels. Frequency of outage is less than 1 in 10 years. This is an upper bound for impact to Glanbia because there is a probability that the combined load will be within the still available line capacity, not requiring load to be shed. High loading that would require load shedding if such an outage occurs, exists for about 1.37% of the year. An optimistic lower bound for the occurrence of an outage during this time (assuming independence of the two events) would be 1 in 730 years. We would expect the actual experience to be more like the lower bound than the upper bound.

Outage #2: Increased outage duration due to a sustained short circuit on the 6.9 mile section of the 138kV transmission line between the King substation and the Toponis tap during high loading on the 138kV system. In this scenario, Glanbia would experience an outage until this section of transmission line is sectionalized for repairs (average sectionalizing time = 30-60 mins*). After the sectionalizing occurs, the present Glanbia load level could be restored. However, with the additional load level, restoration of Glanbia will create low voltage at Glanbia and for other customers fed from the 138 kV transmission line during peak loading in winter. Glanbia could be partially restored, up to nine MW in this scenario, until repairs are made (average repair time = 6.9 hrs*) or until other affected customer loading drops to a level for which Glanbia could be completely restored. Frequency of outage is less than 2 in 11.7 years. As in the case for outage 1, this is an upper bound for the rate of events that affect Glanbia. The optimistic lower bound is once per 427 years. Again, we expect the actual experience to be closer to the lower bound.

One of the following options must be chosen in order to ensure reliability to customers is not adversely impacted due to the requested load increase.

<i>Option</i>	<i>Description</i>	<i>Cost**</i>
1	IPC automatically sheds entire Glanbia load at proposed substation. This prevents the shedding of residential customers on other parts of the IPC 138kV transmission system.	\$0
2	Glanbia sets up intelligence to receive signal to trip non-critical load such that no more than 9MW of critical load remains online after receipt of this signal.	Equipment funded, owned, and maintained by Glanbia
3	Install 20 MVAR capacitor bank on the 138kV side of proposed substation. This will enable service to be maintained during Outage #1 and will allow total load restoration after the 138kV system is sectionalized during Outage #2.	\$831,400

*All outage data is derived from electrical system equipment historical outage data. This data may or may not reflect future performance.

**Cost estimates listed include 20% contingency, overheads and tax gross-up

Power Factor Correction Options

Idaho Power has a design standard that requires all distribution substations to operate at unity power factor at peak substation loading. With Glanbia’s current power factor of 92% and the unknown power factor of the new equipment, IPC will require power factor correction. With the assumption that Glanbia’s peak demand will be 19MW at a 90% power factor after the increase in load, the following are options for correcting the power factor to unity.

One of the following options must be chosen:

<i>Option</i>	<i>Description</i>	<i>Cost**</i>
1	Install a single 9.0 MVAR 138kV capacitor bank on the high side of the transformer at Glanbia.	\$714,400
2	Install 9.0 MVAR 34.5kV capacitor bank in two 4.5MVAR separately switchable sections at the proposed substation. Based on simulations, harmonic de-tuning reactors or other mitigation measures are required to provide IEEE-519 compliant service. This option will provide increased substation transformer capacity for future growth due to reactive power correction on the transformer low side.	\$991,700 (includes the cost of harmonic de-tuning reactors)
3	Glanbia corrects their power factor to unity within the plant.	Equipment funded, owned, and maintained by Glanbia

**Cost estimates listed include 20% contingency, overheads and tax gross-up

7.0 Estimated Timeline

The schedule for IPC facility upgrades depends on the completion of a signed agreement, funding, and authorization to proceed.

The following table outlines the sequence of work as we envision the scoping, design, and construction to take place for the construction of the initial substation and related lines without any of the available options presented:

Glanbia Project Substation Schedule Estimate:

Signed Agreement with IPC for Construction of Substation	12/14/2012
Receive Construction Funding	12/21/2012
Project Scope Completed	01/18/2013
Design Kick Off	1/22/2013
Design Complete	7/21/2013
Pre-Construction Meeting	8/1/2013
Construction Start	9/17/2013
Test & Commission	3/13/2014
Project In-Service	3/23/2014
Final Construction Cost True-Up	5/30/2014

This schedule is based on a signed agreement being completed by December 14, 2012 and receiving funding by December 21, 2012. If these dates slip, the overall schedule will be changed to accommodate additional time and these cost estimates may need to be updated. If any of the available options are chosen, this schedule will need to be modified to take into account the additional work and time required. Schedule dates are estimated milestones and are not guarantees. Weather, material availability, ROW easement acquisition, and permitting restriction could adversely impact the schedule.

8.0 General Assumptions

System: The new IPC 138 kV line that will serve the proposed substation will have adequate capacity to serve the project.

Lines: A new 138 kV line will extend the existing Toponis Tap of the King to Wood River 138 kV line to provide the energy source for the new substation. The length of this extension will be approximately 10 miles. The new 34.5 kV overhead distribution line(s) will come from the substation. The length of these distribution line(s) and financing will depend on the location of the substation and the metering points. It is assumed that ROW easements for the transmission and distribution lines can be obtained in a timeframe that does not impact the schedule. A Special Use Permit or Variance may be required for the portion of transmission line extension that passes through the city limits of Gooding enroute to the substation.

Substations: It is assumed that the new substation will be on property owned by Glanbia and the required substation property will be given to IPC and ownership transferred to IPC at no cost. It is assumed that the needed properties can be obtained in close proximity to the locations identified. A Minor Land Division application must be approved prior to transferring ownership of the property to Idaho Power and a Conditional Use Permit must be approved prior to construction of the substation.

9.0 Outside of IPC Control

There are numerous items outside the control of IPC which could impact the execution of the planned work in this Facility Study. Any of these items could necessitate changes that could impact both cost and schedule.

- Obtaining Permits, Imposed Restrictions/Requirements
- Obtaining Right-of-way
- Material Availability
- Weather

10.0 Conclusions / Next Step

The requested large load interconnection to IPC's system was investigated and the results of this work indicate that the existing IPC system can be upgraded to support the 19 MW required. The next step in the process to connect this large load would be to create a contract with IPC for the execution of the work. Mike Pohanka can get this process started.