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2014 APR 11 PM 2:00
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Attorney for the Commission Staff

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

**IN THE MATTER OF THE APPLICATION OF)
IDAHO POWER COMPANY FOR APPROVAL) CASE NO. IPC-E-13-23
OF A SPECIAL CONTRACT WITH J.R.)
SIMPLOT COMPANY.) REPLY COMMENTS OF
) THE COMMISSION STAFF
)
)**

COMES NOW the Staff of the Idaho Public Utilities Commission, by and through its Attorney of record, Kristine A. Sasser, Deputy Attorney General, and in response to Idaho Power Company and J.R. Simplot Company's Comments submitted on March 28, 2014, in Case No. IPC-E-13-23, submits the following responsive comments.

BACKGROUND

Idaho Power filed an Application with the Commission on December 4, 2013, requesting that the Commission issue an Order approving special contract terms for electric service between Idaho Power and J.R. Simplot Company's new Caldwell facility. Simplot filed an answer on February 5, 2014, disputing Idaho Power's contract language and initial rates.

On March 28, 2014, Commission Staff, Idaho Power Company and J.R. Simplot Company each filed comments. After reviewing Idaho Power's and J.R. Simplot's comments, Staff modifies/clarifies its Comments as detailed below.

STAFF RESPONSE

In comments filed on March 28, 2014, the Staff and J.R. Simplot Company both proposed an average contract rate based on the rate average of the existing three special contracts. However, Staff and Simplot used different rates to calculate the average and therefore, calculated different averages. Staff's average was 3.795 ¢/kWh and Simplot's average was 3.699 ¢/kWh.

The rates are different because Staff based its calculations on base revenues and sales in the Langley Gulch case, Case No. IPC-E-12-14, and Simplot based its calculations on base revenues and sales in Idaho Power's 2013 PCA filing, Case No. IPC-E-13-10. The tariffed rates (demand, energy and customer charges) are the same in both cases but energy and possibly demand billing determinants are different. The Langley Gulch case used forecasted billing determinants for June 2012 through May 2013. The PCA case used forecasted billing determinants for June 2013 through May 2014. The different test years produced different revenues and different energy sales amounts for existing special contract customers even though the tariffed rates were the same in both years. Because special contract rates are different, the average of the special contract rates are different.

Staff agrees that the calculation should be based on the most recent base revenues and sales. In utilizing the rates from Idaho Power's 2013 PCA, Staff supports an initial annual revenue requirement of \$7,800,827. The revenue requirement is the average rate times expected sales ($.03699 \text{ \$/kWh} \times 210,890,146 \text{ kWh} = \$7,800,827$). This revenue requirement is \$1,147,290 less than the \$8,948,117 proposed by Idaho Power. It is Staff's proposal that the J.R. Simplot - Schedule 33 demand and energy rates be designed to produce \$7,800,827 in annual revenue.

It is worth noting, two other filings will change all customers' rates on June 1, 2014. Base rates will change as the result of Commission Order No. 33000 issued in Case No. IPC-E-13-20 which requires Idaho Power to move some Net Power Supply Expense (NPSE) from the PCA into base rates. PCA rates are also expected to change on that same day as a result of Idaho Power's annual PCA filing which is scheduled for April 15. These two changes will impact rates for all customer classes including special contract customers and will change rates established in this case for the new Simplot special contract.

Respectfully submitted this 11TH day of April 2014.



Kristine A. Sasser
Deputy Attorney General

Technical Staff: Keith Hessing

i:umisc:comments/ipce13.23kskh reply comments

CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 11TH DAY OF APRIL 2014, SERVED THE FOREGOING **REPLY COMMENTS OF THE COMMISSION STAFF**, IN CASE NO. IPC-E-13-23, BY MAILING A COPY THEREOF, POSTAGE PREPAID, TO THE FOLLOWING:

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