

DECISION MEMORANDUM

TO: COMMISSIONER KJELLANDER
COMMISSIONER RAPER
COMMISSIONER ANDERSON
COMMISSION SECRETARY
COMMISSION STAFF

FROM: DAPHNE J. HUANG
DEPUTY ATTORNEY GENERAL

DATE: AUGUST 17, 2016

SUBJECT: IDAHO POWER'S APPLICATION TO APPROVE 2016 SERVICE AGREEMENT WITH DOE, CASE NO. IPC-E-16-18

On August 15, 2016, Idaho Power Company filed an Application seeking approval of a new special services agreement with the United States Department of Energy (DOE) for service at the Idaho National Laboratory (INL). The current agreement, approved in Order No. 32354, expires on September 14, 2016, and the new agreement is set to become effective on September 15, 2016. Idaho Power asks the Commission to process the Application using Modified Procedure, with which Staff agrees. The Company asks for an extension of the expiring agreement until the new agreement is approved.

BACKGROUND

"Idaho Power has supplied electric service to the DOE and its predecessors since 1950 and currently serves the DOE under a special contract in accordance with the rates and charges set out in Electric Service Rate Schedule 30 and its successor schedules." Application at 2. The Commission approved Idaho Power's current special services agreement with the DOE in 2011. Order No. 32354. The current agreement has a five-year term expiring September 14, 2016. Application at 2. Idaho Power began researching issues for negotiating a new agreement with DOE in July 2015. *Id.* The Company and DOE successfully negotiated the terms and conditions of its new special services agreement, signed by the contracting parties on August 15 and 11, 2016, respectively, and attached to the Company's Application. Attachment 1.

2016 AGREEMENT

According to Idaho Power, the Company's 2016 Agreement with DOE includes the following terms:

Term. The agreement begins September 15, 2016 and ends September 14, 2021, subject to the Commission's approval. Application at 4.

Services provided by the Company. The Company agrees to provide the DOE up to 55,000 kilowatts (kW) monthly for the operation of facilities at the INL. The DOE may request additional power requirements subject to terms specified in the 2016 Agreement. *Id.* at 3.

Contract Charges to be Paid to the Company. Under the 2016 Agreement, the DOE will pay Idaho Power the monthly rate charges set forth in Schedule 30 for firm retain service of electric power and energy to the DOE at the INL site. *Id.* at 4.

Equipment at Antelope Facilities. For the Company to provide service to INL, it must use DOE-owned equipment located at the Antelope substation. The Antelope substation is jointly-owned by PacifiCorp and Idaho Power, but operated by PacifiCorp. Under the agreement, Idaho Power will maintain the DOE-owned equipment and coordinate access to such equipment with PacifiCorp. *Id.* at 3.

Idaho Power, the DOE, and PacifiCorp have negotiated, but not yet executed an agreement to transfer title of the DOE-owned equipment at the Antelope substation to Idaho Power and PacifiCorp. Idaho Power is in the process of determining whether PacifiCorp or Idaho Power will separately or jointly take title of the equipment. Under the 2016 Agreement, the DOE will be notified of the utilities' decision by no later than March 31, 2017. Upon transfer of title, Idaho Power will charge the DOE to maintain the equipment through a facility service charge. *Id.* at 3-4.

STAFF RECOMMENDATION

Staff recommends that the matter be processed by Modified Procedure with a 21 day comment period. Staff agrees it is appropriate to approve an extension of the expiring special agreement, approved in Order No. 32354, until the Commission approves the 2016 Agreement.

COMMISSION DECISION

Does the Commission wish to issue a Notice of Application and Notice of Modified Procedure with a 21 day comment period, and approve an extension of the expiring special agreement, approved in Order No. 32354, until the 2016 Agreement is approved?



Daphne Huang
Deputy Attorney General

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