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Attorney for the Commission Staff

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF IDAHO POWER)	
COMPANY'S APPLICATION TO APPROVE AN)	CASE NO. IPC-E-16-18
AGREEMENT FOR ELECTRIC SERVICE)	
WITH THE UNITED STATES DEPARTMENT)	COMMENTS OF THE
OF ENERGY.)	COMMISSION STAFF
)	

COMES NOW the Staff of the Idaho Public Utilities Commission, by and through its Attorney of record, Daphne Huang, Deputy Attorney General, and in response to the Notice of Application and Notice of Modified Procedure issued in Order No. 33579 on August 31, 2016, in Case No. IPC-E-16-18, submits the following comments.

BACKGROUND

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 (2011 Agreement), approved in Order No. 32354, was set to expire on September 14, 2016. The new agreement (2016 Agreement) was set to become effective on September 15, 2016. However, the Company requested and was granted an extension of the expiring agreement until the new agreement is approved. Order No. 33579.

STAFF ANALYSIS

The 2011 Agreement currently in place set forth the terms of agreement for electrical service to the DOE's INL location. The 2011 Agreement specifies a 5-year agreement for the Company to provide up to 55,000 kW monthly for the operation of the facilities. The service includes three-phase, 60Hz alternating current at normal 138,000 volts with a maximum steady state variation of plus or minus five percent under normal system conditions. The 2011 Agreement further outlines how the DOE will be billed for the maintenance of DOE-owned equipment, given that the special contract customer under Schedule 20 is not subject to the Monthly Facilities Charge Rate under Rule M.

The proposed 2016 Agreement is essentially the same as the 2011 Agreement, with the primary change being a negotiated, but not executed agreement to transfer title of the DOE-owned Antelope substation equipment to Idaho Power and PacifiCorp. However, since the potential asset transfer has not been executed, Staff will wait to review the transfer of DOE-owned Antelope substation equipment, if and when it takes place. That aside, the following changes have been made to the contract:

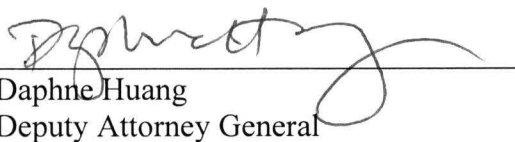
- Updated estimates for the annual energy and demand usage, as well as an updated estimate of the total annual service cost.
- Removal of a redundant term of authorization section.
- Restructuring of contract sections.
- Updated termination section with increased charge for early termination.

Beyond these changes, the terms set forth in the 2016 Agreement remain consistent with the Commission-approved 2011 Agreement. Staff observes that previous agreements and the proposed 2016 Agreement require the Company to maintain equipment owned by another entity. Staff believes that any liability that comes as a result of the Company maintaining and operating equipment the Company does not own should be at the Company's risk and not be borne by ratepayers. However, given this expectation, Staff believes the changes in the 2016 Agreement are reasonable and recommends approval of the Application.

STAFF RECOMMENDATION

Staff has reviewed the Company's Application and has no concerns with the proposed agreement, provided that any liability that comes from maintaining and operating non-Company owned equipment is not borne by other ratepayers. Accordingly, Staff recommends approval of the Application effective upon approval by the Commission.

Respectfully submitted this 21st day of September 2016.



Daphne Huang
Deputy Attorney General

Technical Staff: Johanna Bell
Mark Rogers

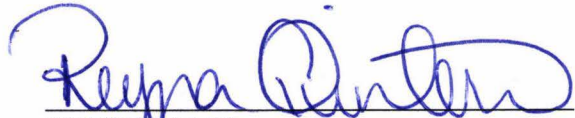
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CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 21st DAY OF SEPTEMBER 2016, SERVED THE FOREGOING **COMMENTS OF THE COMMISSION STAFF** IN CASE NO. IPC-E-16-18, BY MAILING A COPY THEREOF, POSTAGE PREPAID, TO THE FOLLOWING:

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