

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE PETITION OF) CASE NO. IPC-E-18-08
THE IDAHO DEPARTMENT OF)
ADMINISTRATION FOR AN EXEMPTION) NOTICE OF PETITION
FROM THE IDAHO PUBLIC UTILITIES)
COMMISSION’S MASTER-METERING) NOTICE OF
RULES FOR ELECTRIC UTILITIES AND) INTERVENTION DEADLINE
THE IDAHO POWER MASTER-)
METERING STANDARDS) NOTICE OF
) MODIFIED PROCEDURE
)
) ORDER NO. 34056

On April 13, 2018, the Idaho Department of Administration (“IDOA” or “Petitioner”) petitioned the Commission for an exemption from the Commission’s Master-Metering Rules for Electric Utilities (IDAPA 31.26.01) for the State of Idaho’s Chinden Office Complex (the “Campus”), which was recently purchased from HP Inc., formerly known as Hewlett Packard Company. IDOA also seeks a corresponding waiver of Idaho Power Company’s Master-Metering Standards in Rule E to Tariff No. 101. IDOA asks that the Petition be processed by Modified Procedure.

With this Order, we provide notice of the IDOA’s Petition, set deadlines for interested persons to intervene as parties to the case, and set comment and reply deadlines under the Commission’s rules of Modified Procedure.

THE MASTER-METERING RULE AND STANDARDS

Commission Master-Metering Rule 103 (IDAPA 31.26.01.103) states:

No unit of commercial buildings and shopping centers shall be master-metered for electric service after July 1, 1980, if the units for their tenants contain an electric space heating, water heating, or air-conditioning (space cooling) unit that is not centrally controlled and over which the unit’s tenants individually control electric usage. Tenants in otherwise master-metered buildings whose electric load or who operate appliances whose electric load exceeds the individual metering threshold found in the utility’s tariffs must be individually metered.

Idaho Power's master-metering standard in Section 4 of Rule E to Tariff No. 110 is nearly identical to the Commission Master-Metering Rule 103. Both the standard and rule prohibit utilities from removing individual service meters in commercial buildings where the tenants control their own electric space heating, water heating, or air-conditioning appliances. In other words, both the standard and rule prohibit the conversion of individual tenant meters to a master-meter application. *See* Order No. 29865, Case No. IPC-E-05-16.

NOTICE OF PETITION

YOU ARE HEREBY NOTIFIED that IDOA has petitioned the Commission for an exemption to the master-metering rule and standards as they relate to the State's recent purchase of the Campus from HP Inc. The IDOA's detailed Petition is summarized below.

YOU ARE FURTHER NOTIFIED that the State leases more than 800,000 square feet of private property. Leases for about one third of that space will expire in the next five years. In 2017, the Idaho Legislature concluded it would be a wise use of taxpayer dollars for the State to buy the Campus—which consists of about 200 acres, eight separately numbered buildings, a cafeteria building, multiple outbuildings, a picnic shelter, trails, sports fields, and parking areas—for use as a single-destination complex for multiple State agencies that currently lease premises elsewhere. The State thus purchased the Campus from HP Inc. *Id.* at 2-4.

YOU ARE FURTHER NOTIFIED that with the State's purchase of the Campus, the State also entered a Facilities Lease with the IDOA that requires IDOA to operate and maintain the Campus. In accordance with the State's purchase of the Campus from HP Inc., the IDOA also was to lease back part of the Campus to HP Inc. HP Inc. was to be the sole tenant of Campus Buildings 1, 3, 5, and 7, the cafeteria building and certain connecting corridors and outbuildings serving these buildings. IDOA also was to assume HP Inc.'s existing leases with HP Inc.'s existing on-Campus tenants, including Hewlett Packard Enterprise Company (Building 4), Enterprise Services LLC (part of Building 2), and Sykes Enterprises, Incorporated (Building 8). IDOA also entered a new lease with another tenant, First Technology Federal Credit Union Boise, which had been serving HP Inc.'s employees at the Campus in part of Building 2 as part of a master lease with HP Inc. *Id.* at 4-6.

YOU ARE FURTHER NOTIFIED that Idaho Power provides electrical service to the Campus through a substation, and the electricity is then distributed through a network throughout

the Campus to the different buildings and other structures. *Id.* at 3. According to the Petition, HP Inc. needs IDOA to separate HP Inc.’s utilities from the rest of the Campus to comply with Internal Revenue Service provisions regarding selling and leasing back real property. Additionally, HP Inc. has a Supervisory Control and Data Acquisition (“SCADA”) system that meters and measures all utility use at HP Inc. For business confidentiality reasons, HP Inc. will not share the SCADA system or its information with IDOA. *Id.* at 7.

YOU ARE FURTHER NOTIFIED that to accommodate these concerns, HP Inc.’s lease specifies that IDOA must sub-meter HP Inc.’s electrical use by the end of 2018. *Id.* at 8. HP Inc. will see and pay for its electrical use through meter-reading protocols developed by facilities-management experts from both IDOA and HP Inc. Additionally, the HP Inc. lease does not allow IDOA to pass through or charge any costs related to electrical service besides the actual charges from Idaho Power related to HP Inc.’s electricity use. If HP Inc.’s SCADA data does not match the IDOA’s invoices, and an HP Inc. audit finds the IDOA overstates electric charges, then IDOA must pay the audit costs. *Id.*

YOU ARE FURTHER NOTIFIED that the IDOA’s leases with the different on-Campus tenants expire as follows: HP Inc. has an initial term of seven years, and options to renew for two five-year terms; Hewlett Packard Enterprise Co. expires July 31, 2020; Enterprise Service LLC expires June 31, 2018; and Sykes Enterprises, Incorporated expires June 30, 2020, with two options to extend the term for five-year periods; and First Technology Credit Union expires March 31, 2019, with an option to extend to March 31, 2022. *Id.* at 4-5. IDOA has no authority to lease the Campus to any private entity outside of the existing leases at the Campus. Rather, the Campus will be used as a complex for State agencies. As the leases expire, State agencies will transition to the Campus. The Idaho State Tax Commission and Industrial Commission will move to Building 2 this year. *Id.* at 7. And, except for the small credit union suite, State agencies will fully occupy Campus Buildings 2, 4, and 6 by mid-2020. *Id.* at 5.

YOU ARE FURTHER NOTIFIED that IDOA requests an exemption to the Commission’s master-metering rule and Idaho Power’s corresponding standard so IDOA can install the HP Inc.-required sub-meters, require HP Inc. to pay the actual costs of its electric use, and otherwise facilitate the IDOA’s ability to better operate and manage the Campus. *Id.* at 1-2, and 12. IDOA asserts the Commission adopted the master-metering rules based on premises

including: (1) individually metered tenants who are responsible for paying their own electric bills use and waste electricity less than master-metered tenants; (2) the ultimate consumers of electricity are better served by the utility if their costs are not included in the rent or as a pass through by the landlord; and (3) customers should pay their actual utility costs. *Id.* at 10. IDOA notes its lease with HP Inc. is consistent with these premises because electric charges are transparent to HP Inc. and based on protocols developed by both parties; HP Inc.'s SCADA system and audit process in the lease ensure HP Inc.'s electric costs are its actual costs; and HP Inc. has full control of its leased premises electric hot water systems, air systems, vacuum systems, and process water systems. IDOA states these provisions enable HP Inc. to control the efficiency of its electric use based on its actual use and business needs. *Id.* at 2 and 11.

YOU ARE FURTHER NOTIFIED that the Petition and supporting workpapers, testimonies and exhibits have been filed with the Commission and are available for public inspection during regular business hours at the Commission offices. The Petition and supporting documents are also available on the Commission's web site at www.puc.idaho.gov. Click on the "File Room" tab at the top of the page, scroll down to "Open Electric Cases," and then click on the case number as shown on the front of this document.

YOU ARE FURTHER NOTIFIED that all proceedings in this case will be held pursuant to the Commission's jurisdiction under Title 61 of the Idaho Code. The Commission may enter any final Order consistent with its authority under Title 61.

YOU ARE FURTHER NOTIFIED that all proceedings in this matter will be conducted pursuant to the Commission's Rules of Procedure, IDAPA 31.01.01.000 *et seq.*

NOTICE OF INTERVENTION DEADLINE

YOU ARE FURTHER NOTIFIED that persons desiring to intervene in this matter to obtain parties' rights of participation must file a Petition to Intervene with the Commission pursuant to this Commission's Rules of Procedure 72 and 73, IDAPA 31.01.01.072 and -.073. **Persons who wish to intervene as a party must file a Petition to Intervene no later than 14 days after the date of service of this Order.** Persons desiring to present their views without parties' rights of participation are not required to intervene and may present their comments without prior notification to the Commission or the parties, as described below.

NOTICE OF MODIFIED PROCEDURE

YOU ARE FURTHER NOTIFIED that the Commission has determined that the public interest may not require a formal hearing in this matter and will proceed under Modified Procedure pursuant to Rules 201 through 204 of the Idaho Public Utilities Commission's Rules of Procedure, IDAPA 31.01.01.201 through .204.

YOU ARE FURTHER NOTIFIED that any person desiring to state a position on this Petition may file a written comment in support or opposition with the Commission by **June 21, 2018**. The comment must contain a statement of reasons supporting the comment. Persons desiring a hearing must specifically request a hearing in their written comments. Written comments concerning this Petition shall be mailed to the Commission and the Petitioner at the addresses reflected below:

Commission Secretary
Idaho Public Utilities Commission
PO Box 83720
Boise, Idaho 83720-0074

Julie K. Weaver
Deputy Attorney General
954 W. Jefferson, 2nd Fl.
P.O. Box 83720
Boise, ID 83720-0010

Street Address for Express Mail:

472 W. Washington Street
Boise, ID 83702-5918

These comments should contain the case caption and case number shown on the first page of this document. Persons desiring to submit comments via e-mail may do so by accessing the Commission’s home page located at www.puc.idaho.gov. Click the “Case Comment or Question Form” under the “Consumers” tab, and complete the comment form using the case number as it appears on the front of this document. These comments must also be sent to the Petitioner at the e-mail addresses listed above.

YOU ARE FURTHER NOTIFIED that the Petitioner shall file reply comments, if any, by **July 5, 2018**.

YOU ARE FURTHER NOTIFIED that if no written comments or protests are received within the time limit set, the Commission will consider this matter on its merits and enter its Order

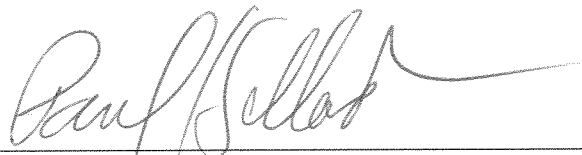
without a formal hearing. If written comments are received within the time limit set, the Commission will consider them and, in its discretion, may set the same for formal hearing.

ORDER

IT IS HEREBY ORDERED that this Petition be processed under Modified Procedure, Rules 201-204, IDAPA 31.01.01.201-.204. Persons interested in submitting written comments must do so by June 21, 2018. The IDOA may file a reply no later than July 5, 2018.

IT IS FURTHER ORDERED that persons desiring to intervene in this case for the purpose of obtaining parties' rights of participation must file a Petition to Intervene with the Commission, under Rules 72 and 73, IDAPA 31.01.01.72-73, no later than 14 days after the service date of this Order.

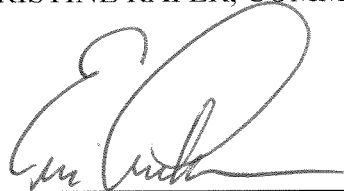
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 7th day of May 2018.



PAUL KJELLANDER, PRESIDENT



KRISTINE RAPER, COMMISSIONER



ERIC ANDERSON, COMMISSIONER

ATTEST:



Diane M. Hanian
Commission Secretary

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