



Idaho Public Utilities Commission

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Case No. IPC-E-15-13, Order No. 33280

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www.puc.idaho.gov

Idaho Power proposes contract with Simplot Caldwell plant

BOISE (May 1, 2015) – Idaho Power Company is asking state regulators to approve a special contract with J.R. Simplot Company's new Caldwell plant. The Idaho Public Utilities Commission is taking public comment through May 15 on the proposed contract.

Until recently, the Caldwell plant was under a tariff rate (rather than a special contract) under Idaho Power's rate schedule for Large Power Service customers. But Simplot's new Caldwell plant, which replaces Simplot facilities in Aberdeen, Nampa and Caldwell, is anticipated to exceed the maximum amount of demand that qualifies for the Large Power Service rate, which is 20,000 kW. Customers with demand larger than 20,000 kW must negotiate a special contract with the utility.

Idaho Power and Simplot have been negotiating a proposed contract since spring 2013. In late 2013, Idaho Power asked the commission to resolve some contract issues where the parties had reached an impasse. Those issues included liability provisions and Simplot's contention that Idaho Power was using an outdated formula to determine Simplot's rate.

The commission directed the parties to renegotiate the liability provisions and said a rate could be determined by using Idaho Power's most recent cost-of-service study as a starting point for negotiation.

In mid-March of this year, the parties resubmitted a new proposed contract. The proposed contract requires Idaho Power to initially provide 25,000 kW per month. During the first year of the contract, Simplot may increase or decrease its contract demand so long as the changes for the year collectively do not exceed 10,000 kW, absent company agreement. After one year, Simplot may increase or decrease its monthly contract demand in 1,000 kW increments so long as it does not change contract demand by more than 15,000 kW in any 12-month period.

Rates for special contract customers must take into account Idaho Power's existing operational conditions and the impact new load may have on the utility's generation and transmission system. Because the new Caldwell facility consolidates load previously used at the Aberdeen, Nampa and old Caldwell facilities, Idaho Power claims the proposed contract rates will recover

the cost it incurs to serve Simplot while also limiting upward rate pressure on other customer classes.

The contract proposes an energy charge of about 3.1 cents per kWh during the summer months and 3.04 cents per kWh during non-summer months. It also includes demand charges that increase as demand does. The energy rate for special contract customers is somewhat lower than other customer classes because special contract customers typically provide their own distribution facilities and are less expensive to serve.

Idaho Power is asking that the commission approve the proposed contract in time for a June 1 effective date.

Comments are accepted via e-mail through May 15, 2015, by accessing the commission's Website at www.puc.idaho.gov and clicking on "Case Comment Form," under the "Consumers" heading. Fill in the case number (IPC-E-15-13) and enter your comments. Comments can also be mailed to P.O. Box 83720, Boise, ID 83720-0074 or faxed to (208) 334-3762.

The commission's order and other documents related to this case are available on the commission's Website. Click on "Open Cases" under the "Electric" heading and scroll down to the case number above.