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IDAHO PUBLIC UTILITIES COMMISSION

LISA D. NORDSTROM
Lead Counsel
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February 26, 2020

VIA HAND DELIVERY

Diane Hanian, Secretary
Idaho Public Utilities Commission
11331 W. Chinden Boulevard
Building 8, Suite 201-A
Boise, Idaho 83714

Re: Case No. IPC-E-20-01
Modification of Schedule 30, Special Contract with the United States
Department of Energy – Idaho Power Company’s Amended Application

Dear Ms. Hanian:

Enclosed for filing in the above matter please find an original and seven (7) copies of Idaho Power Company’s Amended Application. The attachments, tariffs, and testimony referenced in the Amended Application were previously filed on January 14, 2020.

If you have any questions about the enclosed documents, please do not hesitate to contact me.

Very truly yours,

Lisa D. Nordstrom

LDN/kkt
Enclosures

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Attorney for Idaho Power Company

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)
OF IDAHO POWER COMPANY FOR) CASE NO. IPC-E-20-01
AUTHORITY TO MODIFY SCHEDULE 30,)
SPECIAL CONTRACT WITH THE UNITED) AMENDED APPLICATION
STATES DEPARTMENT OF ENERGY)
)

Idaho Power Company (“Idaho Power” or “Company”), in accordance with *Idaho Code* §§ 61-502, 61-328 and RP 52, hereby respectfully makes application to the Idaho Public Utilities Commission (“Commission”) for an order authorizing the Company to (1) facilitate transfer of certain assets from the Department of Energy (“DOE”) to PacifiCorp, (2) modify Schedule 30, Electric Service Rate for United States Department of Energy Idaho Operations Office (“Schedule 30”), to add an Antelope Asset Charge (“AAC”) for Idaho Power’s ownership and operation of Antelope Substation transmission facilities that are used solely to provide service to DOE Idaho National Laboratory (“INL”) and (3) bill a true-up for charges related to the time period between November 2015 and the AAC effective date, if approved. If possible, the Company is requesting that the addition of this

tariff language become effective on April 1, 2020. Idaho Power has discussed the underlying AAC methodology with DOE, which is in agreement with the proposal.

I. BACKGROUND

1. The DOE, through its Idaho Operations Office, operates the facilities at the INL site located approximately 50 miles west of Idaho Falls, Idaho. Idaho Power serves the DOE under a special contract in accordance with the rates and charges set out in Schedule 30. The current special contract between Idaho Power and the DOE, Contract No. GS-00P-09-BSD-0651 (“2016 Special Contract”), was approved by the Commission on October 13, 2016, in Order No. 33621 issued in Case No. IPC-E-16-18. The five-year term of the 2016 Special Contract runs from September 15, 2016, through September 14, 2021.

2. Idaho Power provides service to INL with the point of delivery being the DOE-owned assets located at the Antelope Substation. The Antelope Substation consists of these DOE-owned assets, as well as assets jointly or individually owned by Idaho Power and PacifiCorp. For the sake of clarity, assets for which Idaho Power currently possesses an ownership share are referred to as the “2015 Assets,” while assets currently owned by the DOE are referred to as the “2019 Assets,” as discussed in more detail in the sections that follow. The Antelope Substation is operated by PacifiCorp, which charges Idaho Power for its share of the substation’s operation and maintenance (“O&M”) costs in accordance with the methodology described in Exhibit D to the Joint Ownership and Operating Agreement¹ (“JOOA”) between PacifiCorp and Idaho Power.

¹ The current version of the JOOA is available at:
[https://www.oasis.oati.com/woa/docs/IPCO/IPCOdocs/2019_JOOA_-_Complete_Filing_-_08-29-19_\(00259300xBCD5C\).pdf](https://www.oasis.oati.com/woa/docs/IPCO/IPCOdocs/2019_JOOA_-_Complete_Filing_-_08-29-19_(00259300xBCD5C).pdf)

The Idaho Commission approved the JOOA, which guides the companies' operation of transmission facilities in which the companies share ownership, in Case No. IPC-E-14-41, Order No. 33313 issued June 5, 2015.

3. The DOE no longer wishes to own, operate, and maintain the Antelope transmission substation facilities necessary to receive electric service, i.e., the 2019 Assets. Consequently, at the DOE's request, Idaho Power agreed to assume ownership, operation, and maintenance of these facilities. Idaho Power concurrently transferred partial ownership of the DOE's Antelope transmission substation facilities, and O&M responsibilities of these facilities, to PacifiCorp.

4. To begin aligning asset ownership and cost responsibility for the 2019 Assets, Idaho Power and PacifiCorp agreed to jointly own the DOE-owned assets within the JOOA framework. Previously, in 2015, PacifiCorp transferred partial ownership of specific Antelope transmission substation assets to Idaho Power ("2015 Assets"), including transformers, bus, and a portion of a transmission line. Some of these transferred assets are used by Idaho Power to provide service to the DOE. The Federal Energy Regulatory Commission ("FERC") originally accepted the JOOA for filing on June 17, 2015; the Idaho Commission approved transfer of the 2015 Assets from PacifiCorp to Idaho Power also in Case No. IPC-E-14-41, Order No. 33313, issued June 5, 2015. Since November 2015, under the terms of the JOOA, PacifiCorp has been billing Idaho Power a monthly charge related to the 2015 Assets, as PacifiCorp is the operator of these assets. Idaho Power also incurs ownership costs related to the 2015 assets including return on and of investment, property taxes, and income taxes.

5. Prior to Idaho Power's acquisition of the 2015 Assets, PacifiCorp owned these assets outright and charged Idaho Power for the portion of the assets used to serve DOE load; Idaho Power passed this charge through to the DOE under a separate letter agreement. Upon acquisition of its share of the 2015 Assets, in November 2015, Idaho Power suspended this pass-through charge pending final resolution of the Antelope transmission substation asset transfer negotiations. Consequently, as described in further detail later in this application, the Company's request also includes a true-up to Idaho Power from the DOE for the period beginning November 2015 when such charges were first suspended by Idaho Power and not billed to the DOE.

II. ANTELOPE TRANSMISSION SUBSTATION FACILITIES

6. Negotiations regarding the transfer of the 2019 Assets occurred concurrently with negotiations to finalize the 2016 Special Contract. Because the 2016 Special Contract was finalized before the asset transfer negotiations were complete, paragraph 5 of Attachment 1 to the 2016 Special Contract between Idaho Power and DOE described the expectation that DOE would continue to be financially responsible for the Antelope facilities that solely serve DOE, stating that:

Upon such a transfer of title, DOE understands that [Idaho Power] through a facility service charge or similar mechanism will charge DOE for the maintenance of the then formerly DOE-owned equipment which will be maintained in accordance with Prudent Utility Practice.

7. Idaho Power, PacifiCorp, and the DOE have now completed the negotiations to transfer the remaining Antelope transmission substation assets. The transfer of title agreements describing the 2019 Assets and Idaho Power's and PacifiCorp's respective ownership percentages are provided as Attachment 1, "DOE-IPC

Transfer of Title Agreement,” and Attachment 2, “IPC-PacifiCorp Transfer of Title Agreement.” As described in the agreements, these assets include two transformers, two circuit breakers, and two circuit switchers. Under the asset transfer agreements, (1) the DOE conveys its ownership interest in its assets to Idaho Power at zero cost and (2) Idaho Power, in turn, transfers a portion of these same assets to PacifiCorp at zero cost.

8. The 2019 Assets have never been used to serve other Idaho Power customers and no related expense has been included in customer rates; to the extent the Commission believes that the requirements of *Idaho Code* § 61-328 apply to this transaction, Idaho Power requests approval to facilitate this transfer of a portion of the 2019 Assets from DOE to PacifiCorp. Before authorizing the transaction, *Idaho Code* § 61-328(3) requires the Commission find:

- a. That the transaction is consistent with the public interest;
- b. That the cost and rates for supplying service will not be increased by reason of such transaction; and
- c. That the applicant for such acquisition or transfer has the bona-fide intent and financial ability to operate and maintain said property in the public service.

Idaho Power requires only a portion of the capacity associated with the 2019 Assets to meet customer needs. PacifiCorp also has electrical customers served via these assets. Like other transmission assets that are subject to the JOOA, the reallocation of ownership percentage interests will enable the utilities to more efficiently operate the transmission system consistent with current regulatory requirements and provide the utilities with the ability to more effectively manage required system upgrades and serve expected load growth. Additionally, through more streamlined ownership and capacity rights, the transfer facilitates efficient long-term operations and cost-effective

load service. Based on these facts, the Company believes that the transaction is consistent with the public interest.

The portion of the 2019 Assets that are owned by the DOE and are being transferred instantaneously through Idaho Power to PacifiCorp have never been recorded in Idaho Power's accounting records; these assets have not been used to develop any rates currently or previously charged to Idaho Power customers. Similarly, the transferred assets will not appear on Idaho Power's accounting records after the transfer, nor will Idaho Power be assessed a charge for use of PacifiCorp's share of the assets; thus, costs and rates will not be increased by result of the transaction.

PacifiCorp, through its division Rocky Mountain Power, provides retail electric service to approximately 81,000 customers in the state of Idaho. PacifiCorp is a public utility in the state pursuant to *Idaho Code* § 61-129 and is subject to the Commission's jurisdiction. PacifiCorp's operations in six states in the western United States, serving over 1.9 million retail electric customers with total 2018 revenues of over \$5 billion, demonstrate it has the bona fide intent and financial ability to operate and maintain the assets. The Commission has approved similar exchanges of transmission assets between Idaho Power and PacifiCorp in Case No. IPC-E-14-41, Order No. 33313, issued June 5, 2015, and again recently in Case No. PAC-E-19-11, Order No. 34485, issued November 18, 2019.

9. As set forth in paragraph 2 of the DOE-IPC Transfer of Title Agreement, transfer of the 2019 Assets is to be effective immediately upon (1) execution of the respective agreements, (2) receipt of regulatory approval of the transaction from FERC, and (3) approval of a facilities-type charge by the Commission. The DOE-IPC Transfer

of Title Agreement and IPC-PacifiCorp Transfer of Title Agreement were executed on August 21, 2019, and August 22, 2019, respectively.

10. On August 23, 2019, Idaho Power filed with FERC updates to the JOOA in Docket No. ER19-2704. The updates to the JOOA included the addition of the 2019 Assets to the list of assets subject to the JOOA. On October 21, 2019, FERC accepted the JOOA update, constituting the necessary FERC approvals of the transaction.

III. PROPOSED CHANGES TO SCHEDULE 30

11. With the approval of the DOE-IPC Transfer of Title Agreement and the IPC-PacifiCorp Transfer of Title Agreement, ownership of the 2019 Assets will be conveyed to the Company and ownership issues at the Antelope Substation will be resolved. Idaho Power now makes this Application for approval of an “Antelope Asset Charge” to be added to Schedule 30 to recover the Company’s costs to own, operate, and maintain the Antelope Substation equipment used to serve DOE load. The proposed revisions to Schedule 30 to incorporate the AAC are included as Attachment 3 to the Application filed on January 14, 2020.

12. During the asset transfer negotiations, Idaho Power and the DOE have discussed and agreed on the methodology for calculating the additional charge to be applied to the Antelope facilities, i.e., the 2015 and 2019 Assets. The method used to determine the AAC is similar to the existing FERC-approved methodology defined in the JOOA and consists of O&M charges passed through from PacifiCorp as operator of the Antelope substation, as well as ownership costs related to Idaho Power’s investment in its share of the jointly-owned facilities. The calculation of the AAC is set forth in the testimony and exhibit of Senior Regulatory Analyst Mark Annis that accompanies the Application filed January 14, 2020.

13. If approved, the DOE will also pay a true-up to Idaho Power for the period beginning in November 2015 when such charges were first suspended by Idaho Power and not billed to the DOE. At December 31, 2019, the true-up charge balance was approximately \$288,000. This value will be updated to reflect the full true-up amount as of the effective date of the AAC, if approved.

IV. MODIFIED PROCEDURE

14. Idaho Power negotiated directly with the sole customer impacted by this filing, the DOE. The DOE has reviewed and agrees with the underlying AAC methodology. Idaho Power respectfully requests that this Application be processed under Modified Procedure; i.e., by written submissions rather than by hearing. RP 201, *et seq.*

V. COMMUNICATIONS AND SERVICE OF PLEADINGS

15. Communications and service of pleadings to Idaho Power regarding this Application should be sent to:

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Timothy E. Tatum
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VI. CONCLUSION

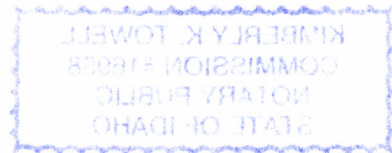
16. Idaho Power requests that the Commission issue an order approving the transfer of the 2019 Assets to PacifiCorp and authorizing the Company to modify Schedule 30 to add an Antelope Asset Charge related to the costs associated with the Company's ownership, and operations, and maintenance of Antelope transmission substation facilities dedicated to providing service to the DOE's INL site. The AAC reflects

the recovery of costs specific to providing service to the DOE, ensuring that these costs are not shifted to other customer classes. Idaho Power respectfully requests that the tariff changes become effective on April 1, 2020; however, the Company would not oppose a later effective date if the Commission or Commission Staff does not believe the Company's proposed timeline is sufficient to process the issues presented by the Company in this matter.

DATED at Boise, Idaho, this 26th day of February 2020.



LISA D. NORDSTROM
Attorney for Idaho Power Company



VERIFICATION

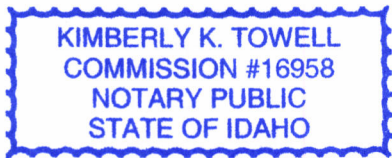
STATE OF IDAHO)
) ss.
County of Ada)


LISA D. NORDSTROM, being duly sworn, deposes and states that she is an attorney for Idaho Power Company, that she has read the foregoing Amended Application and knows the contents thereof, and that the same are true to the best of her knowledge and belief.



LISA D. NORDSTROM

SUBSCRIBED AND SWORN TO before me, a notary public of the state of Idaho, this 26th day of February 2020.





Notary Public for Idaho
Residing at: Boise, Idaho
My commission expires: 12/20/2020

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 26th day of February 2020 I served a true and correct copy of the within and foregoing AMENDED APPLICATION upon the following named parties by the method indicated below, and addressed to the following:

U.S. Department of Energy

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Kimberly Towell, Executive Assistant