

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF IDAHO POWER)	CASE NO. IPC-E-20-01
COMPANY’S APPLICATION TO MODIFY)	
SCHEDULE 30, SPECIAL CONTRACT)	ORDER NO. 34612
WITH UNITED STATES DEPARTMENT OF)	
ENERGY)	

On January 14, 2020, Idaho Power Company (“Idaho Power”) applied to the Commission for an order authorizing it to (1) modify Schedule 30—Electric Service Rate for United States Department of Energy Idaho Operations Office—(“Schedule 30”); and (2) true-up charges related to Idaho Power’s Schedule 30 assets that have been suspended since November 2015. Idaho Power requested an April 1, 2020 effective date and that its Application be processed by Modified Procedure.

On February 10, 2020, the Commission issued a Notice of Application and Notice of Modified Procedure setting comment and reply deadlines. Order No. 34551.

On February 26, 2020, Idaho Power filed an Amended Application asking the Commission to authorize an asset transfer from Idaho Power to PacifiCorp, in addition to the same authorizations, timeline, and procedure sought in its initial Application.

On March 4, 2020, the Commission issued a Notice of Amended Application, Notice of Amended Comment Deadline, and Notice of Telephonic Hearing. Order No. 34573. On March 24, 2020, the Commission held a hearing. No one testified. Staff submitted the only comments and supported Idaho Power’s Amended Application. Idaho Power did not reply.

With this Order, we approve Idaho Power’s Amended Application.

BACKGROUND

On August 21, 2019, the Department of Energy (“DOE”) and Idaho Power entered an agreement under which the DOE transferred certain assets to Idaho Power. *See* Attachment 1 to Idaho Power’s Application. Idaho Power then transferred partial ownership of those assets¹ to PacifiCorp through another agreement dated August 22, 2019. *See* Attachment 2 to Idaho Power’s Application.

¹ Regarding the assets transferred from Idaho Power to PacifiCorp, and for purposes of the Joint Ownership and Operating Agreement, the Weighted Average Ownership Percentage is 53.365% for Idaho Power and 46.635% for PacifiCorp.

Idaho Power supplies electricity to the DOE at Idaho National Laboratory through the Antelope Substation (“Substation”) under Schedule 30. Before signing the transfer agreements, Idaho Power, PacifiCorp, and DOE jointly or individually owned the Substation assets and PacifiCorp operated it under a Joint Ownership and Operating Agreement (“JOOA”). Before the DOE to Idaho Power transfer, Idaho Power’s point of delivery to the DOE under Schedule 30 was at the Substation’s DOE-owned assets.

The DOE “no longer wish[ed] to own, operate [or] maintain” its Substation assets and transferred them to Idaho Power at no cost. In turn, Idaho Power transferred partial ownership of the former DOE assets to PacifiCorp, again at no cost. Because of the ownership change in the assets that DOE transferred to Idaho Power, the Federal Energy Regulatory Commission (“FERC”) approved an updated JOOA on October 21, 2019.

THE APPLICATION

After transferring its assets to Idaho Power, the DOE no longer owns any Substation assets. Idaho Power continues to incur operating costs to serve the DOE as Idaho Power’s sole customer served from the Substation. Idaho Power proposed modifying Schedule 30 to add a monthly Antelope Asset Charge (“AAC”). *See* Attachment 3 to Idaho Power’s Application. The AAC includes two components: (1) a PacifiCorp Pass-Through Charge; and (2) Idaho Power Ownership Costs. The AAC charge enables Idaho Power to recover its costs to own, operate, and maintain the Substation assets required to serve the DOE. PacifiCorp will continue to operate the Substation under the updated JOOA.

In November 2015, Idaho Power and the DOE agreed to suspend payment of pass-through expenses related to Substation assets until regulatory approvals were in place and the new Schedule 30 charge had commenced. If the modifications to Schedule 30 are approved, Idaho Power would collect about \$288,000² from the DOE for the suspended pass-through charges Idaho Power incurred on the DOE’s behalf.

Idaho Power’s Amended Application requested approval of the asset transfer from Idaho Power to PacifiCorp. Before authorizing an asset transfer, the Commission must find the transfer complies with *Idaho Code* § 61-328(3), regardless of cost or value of the assets to be transferred. Idaho Power indicated it transferred a percentage of the former DOE assets to

² In Idaho Power’s Application it states that the amount of the true up is approximately \$288,000 at the end of December 2019. The Application requests the ability to bill true up the suspended pass-through charges through the effective date of this Order. The actual amount billed to the DOE will exceed the amount cited in the Application.

PacifiCorp because Idaho Power does not require the assets' full capacity to serve the DOE, and PacifiCorp serves customers via the same assets.

THE COMMENTS

Staff reviewed Idaho Power's Application, Amended Application, and supporting documents and recommended the Commission approve the Amended Application and authorize Idaho Power's: (1) asset transfer to PacifiCorp; (2) proposed Schedule 30 modifications; and (3) billing the DOE for suspended pass-through charges.

Staff analyzed the proposed asset transfer under *Idaho Code* § 61-328(3), which requires: (a) the transaction be consistent with the public interest; (b) the costs of and rates for supplying services will not increase by reason of such transactions; and (c) 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. Staff believed the proposed transfer met the statutory requirements.

Staff reviewed Idaho Power's proposed modifications to Schedule 30 to verify the charges in the AAC reflected the cost of serving the DOE. Staff confirmed the PacifiCorp Pass-Through Charge proposed would not violate the JOOA. Staff also verified the components of Idaho Power's Ownership Costs matched the levelized charge requirements to cover property and income taxes and provided a return of and on invested capital. Staff agreed with Idaho Power's use of Idaho's retail rate of return over the Open Access Transmission Tariff. Staff also agreed Idaho Power should apply the property tax rate of the asset acquisition value as opposed to the net book value and noted the methodology followed the JOOA's Monthly Common Equipment Charge.

Finally, Staff reviewed and recommended approval of Idaho Power's proposed true-up of the suspended pass-through charges. Staff reviewed the supporting documentation and calculations and believes the suspended charges to be reasonable. Staff noted the true-up will be updated to reflect the full amount due as of the effective date of the Commission's order, if the Commission issues an order approving the proposed true-up.

COMMISSION DECISION AND DISCUSSION

The Commission has jurisdiction over this matter under Title 61 of the *Idaho Code*. *Idaho Code* § 61-501 gives the Commission the power to "supervise and regulate public utilities in the state." *Idaho Code* § 61-328 requires the Commission to find the transfer of assets is in the public interest and won't affect service or rates. Additionally, Idaho Power is an electrical

corporation under *Idaho Code* § 61-119 and a public utility under *Idaho Code* § 61-129. After reviewing the record, we approve Idaho Power's Application.

Modifying Schedule 30 to update the AAC given the new ownership structure will help ensure Idaho Power can recover its costs to serve the DOE and obtain a return of and on invested capital. The updated, FERC-approved JOOA ensures operation of the Substation and the shared assets will meet established reliability standards. We believe PacifiCorp can capably operate the assets used to serve Idaho Power's Schedule 30 customer—the DOE, and the structure allows the most efficient operation of the transmission system.

We find it appropriate for Idaho Power to bill for the pass-through charges it has incurred on behalf of the DOE between November 2015 and the effective date of this Order. Last, we find the asset transfer satisfies *Idaho Code* § 61-328(3).

ORDER

IT IS HEREBY ORDERED that the Amended Application is approved, effective April 1, 2020.

IT IS FURTHER ORDERED that Idaho Power may modify Schedule 30, adding the AAC for Idaho Power's ownership and operational costs of the transmission facilities used to serve the DOE.

IT IS FURTHER ORDERED that Idaho Power may bill the DOE a true-up for the pass-through charges Idaho Power incurred under Schedule 30 between November 2015 and the effective date of this Order.

IT IS FURTHER ORDERED that Idaho Power's proposed transfer of electric facilities to PacifiCorp is approved.

THIS IS A FINAL ORDER. Any person interested in this Order may petition for reconsideration within twenty-one (21) days of the service date of this Order with regard to any matter decided in this Order. Within seven (7) days after any person has petitioned for reconsideration, any person may cross-petition for reconsideration. See *Idaho Code* § 61-626.

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DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 31st day of March 2020.



PAUL KJELLANDER, PRESIDENT

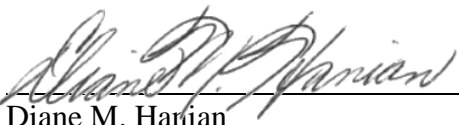


KRISTINE RAPER, COMMISSIONER



ERIC ANDERSON, COMMISSIONER

ATTEST:



Diane M. Harlan
Commission Secretary

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