

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

**IN THE MATTER OF IDAHO POWER ) CASE NO. IPC-E-21-20**  
**COMPANY’S APPLICATION TO APPROVE )**  
**2021 SERVICE AGREEMENT WITH THE )**  
**UNITED STATES DEPARTMENT OF ) ORDER NO. 35157**  
**ENERGY )**  
**)**

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On June 23, 2021, Idaho Power Company (“Company” or “Idaho Power”) applied for approval of its new service agreement with the United States Department of Energy (“DOE”) for service at the Idaho National Laboratory (“INL”).

On July 9, 2021, the Commission issued a Notice of Application and set deadlines for public comments and the Company’s reply. Staff filed comments and the Company indicated that they would not be filing any comments.

Having reviewed the record, we now approve the Company’s Application as discussed below.

**BACKGROUND**

DOE operates the Idaho National Laboratory (“INL”) site located approximately 50 miles west of Idaho Falls, Idaho. The Company “has supplied electric service to the DOE and its predecessors since 1950 and currently serves DOE under a special contract in accordance with the rates and charges set out in Electric Service Rate Schedule 30 (“Schedule 30”) and its successor schedules.” Application at 2. The current special contract (“2016 Agreement”) between the Company and DOE was approved by the Commission in Case No. IPC-E-16-18. *See* Order No. 33621. The 2016 Agreement expires on September 14, 2021.

To replace the 2016 Agreement the Company and DOE have negotiated and executed what the Company refers to as a new “Authorization for Electric Service to the GSA” in 2021 that it refers to as a special contract that is attached to the Company’s Application (“2021 Agreement”). Id. The 2021 Agreement is set to become effective on September 15, 2021.

## **THE APPLICATION**

The Company requests the Commission issue an order approving the 2021 Agreement for electric service between the Company and the DOE prior to September 14, 2021, the date when the 2016 Agreement expires.

The 2021 Agreement begins September 15, 2021, and ends September 14, 2031, subject to the Commission's approval. DOE has the right to terminate the 2021 Agreement on eighteen (18) months' advance written notice to Idaho Power, subject to certain termination charges outlined in Section 6 of the 2021 Agreement.

The Company agrees to provide the DOE up to 65,000 kilowatts ("kW") monthly for the operation of facilities at the INL through calendar year 2024. The DOE may request additional power requirements in excess of 65,000 kW per month for INL with eighteen (18) months' written notice in advance of the first day of the month DOE desires the additional power requirements be made available. The Company will have sole discretion to grant or deny any request. The Company's discretion will include an analysis of its obligation to provide reliable and cost-effective service to all customers, including INL.

In the 2021 Agreement DOE and the Company agree to engage in good faith negotiations to determine new rates, conditions, and charges for INL's anticipated increase in power requirements estimated to occur in 2025 and beyond.

Through the 2021 Agreement Idaho Power will supply three-phase, 60 hertz alternating current at normal 138,000 volts, with a maximum steady state variation of plus or minus 5 percent under normal system conditions via the two existing interconnection lines between the Antelope substation and DOE's Scoville substation. The Point of Delivery of the electric power supplied by the Company to DOE will be at the Point of Interconnection with DOE's slack spans, located at DOE's Scoville substation.

When the 2021 Agreement is executed, and on each May 1 thereafter, DOE will provide Idaho Power with its forecast of demand and energy expected to be supplied and delivered by Idaho Power for each month during the next 16 months together with a forecast of the annual firm power load requirements (demand and energy) expected to be supplied by the Company for a forecasted ten (10) year period. DOE will also provide the Company in advance with information on conditions affecting DOE's load requirements necessary for the Company in load dispatching and in planning of power system operation, prompt notice of any abnormal system operating

conditions, and all known or anticipated increases or decreases in DOE's power requirements other than normal load growth.

Under the 2021 Agreement, DOE reserves the right to install and operate generation at the INL site to offset all or part of DOE's energy usage as provided in the 2021 Agreement.

Pursuant to the 2021 Agreement, the DOE will pay Idaho Power the monthly rate charges set forth in Schedule 30 for firm retail service of electric power and energy to the DOE at the INL site. The Company represented that to allow for flexible rate design and for consistency with other large special contract customers, the 2021 Agreement allows Idaho Power to assess a contract demand charge, that will be in Schedule 30 if charged. Last, Idaho Power reserved the right to revise INL's rates, rate structures, or charges based on any INL notification of increase or decrease to Contract Demand subject to Commission approval.

#### **STAFF COMMENTS**

Staff recommends the Commission approve the 2021 Agreement with an effective date of September 15, 2021.

Staff reviewed the Application, previous DOE agreement cases, and past updates to Schedule 30. Staff concluded from the review that the 2021 Agreement is reasonable because most of the terms remain consistent with the Commission-approved 2016 Agreement. Staff found the changes in the 2021 Agreement are minor or provide additional layers of protection for the Company and ensure the Company can continue to recover its costs to serve the DOE in the future and maintain reliability of the system.

Staff also noted that the 2021 Agreement does not change the Company's Schedule 30 rates that apply to DOE. However, Schedule 30 rates can change because of a change in base rates such as through a general rate case, Power Cost Adjustment (Schedule 55), changes in the Energy Efficiency Rider (Schedule 91), adjustments in Municipal Franchise Fees (Schedule 95), and other special cases directly pertaining to the DOE.

#### **COMMISSION FINDINGS AND DECISION**

The Commission has jurisdiction over this matter under *Idaho Code* §§ 61-502 and 61-503. The Commission is empowered to investigate rates, charges, rules, regulations, practices, and contracts of public utilities and to determine whether they are just, reasonable, preferential, discriminatory, or in violation of any provision of law, and to fix the same by order. *Idaho Code* §§ 61-502 and 61-503.

According to the terms of the 2021 Agreement, the 2021 Agreement is expressly subject to and only becomes effective upon approval of the Commission.

The Commission has reviewed the record and finds that the Company's proposed 2021 Agreement with DOE contains terms that remain consistent with the 2016 Agreement, which we approved in 2016. Order No. 33621. The Commission also finds that the changes to the 2021 Agreement provide protection for Idaho Power to ensure that the Company recovers the costs to serve DOE in the future and to maintain reliability of the system. First, the 2021 Agreement provides DOE may request additional power requirements with eighteen (18) months' advance written notice rather than twelve (12) months written contained in the 2016 Agreement. Second, the 2021 Agreement contains terms that allow Idaho Power to revise rates if DOE's power requirements change affecting the cost to serve DOE. Third, the 2021 Agreement requires the Company and DOE to engage in good faith negotiations to determine new rates, conditions, and charges for INL's anticipated increase in power requirements in 2025 and beyond. Based on the content of the 2021 Agreement, including the changes which provide additional protection for the Company, we find the 2021 Agreement to be fair, just, and reasonable. Accordingly, we approve the Company's Application and 2021 Agreement.

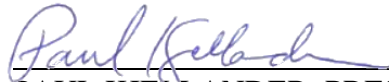
### **ORDER**

IT IS HEREBY ORDERED that the Company's Application for approval of its 2021 Agreement with the DOE is granted, effective on the service date of this Order.

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 regarding any matter decided in this Order. Within seven (7) days after any person has petitioned for reconsideration, any other 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 7<sup>th</sup> day of September 2021.

  
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PAUL KJELLANDER, PRESIDENT

  
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KRISTINE RAPER, COMMISSIONER

  
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ERIC ANDERSON, COMMISSIONER

ATTEST:

  
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Jan Noriyuki  
Commission Secretary

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