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IDAHO PUBLIC
UTILITIES COMMISSION



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July 13, 2022

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

Re: Case No. IPC-E-21-37
Application of Idaho Power Company for Authority to Establish A New
Schedule to Serve Speculative High-Density Load Customers

Dear Ms. Noriyuki:

Attached for electronic filing is Idaho Power Company's Answer to GeoBitmine LLC's Petition for Reconsideration & Objection to Late Intervention in the above-entitled matter.

Please handle the confidential information in accordance with the Protective Agreement executed in this matter.

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

Sincerely,

A handwritten signature in black ink that reads "Lisa D. Nordstrom".

Lisa D. Nordstrom

LDN:sg
Enclosure

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Attorney for Idaho Power Company

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)	CASE NO. IPC-E-21-37
OF IDAHO POWER COMPANY FOR)	
AUTHORITY TO ESTABLISH NEW)	IDAHO POWER COMPANY'S
SCHEDULE TO SERVE SPECULATIVE)	ANSWER TO GEOBITMINE LLC'S
HIGH-DENSITY LOAD CUSTOMERS.)	PETITION FOR
)	RECONSIDERATION &
)	OBJECTION TO LATE
)	INTERVENTION

On July 6, 2022, GeoBitmine LLC (“GeoBitmine” or “Petitioner”), a prospective customer of Idaho Power Company (“Idaho Power” or “Company”) submitted a Petition for Reconsideration of Idaho Public Utilities Commission (“Commission”) and a Petition for Intervention as a Party (“Petition”). In its Petition, GeoBitmine (1) “asserts that the existing ‘evidentiary record’ before the Commission, as well as the applicable law requires that the Commission modify Order No. 35428 by denying Idaho Power’s Application for approval of Schedule 20”¹; and (2) requests the Commission grant its status as a party. Idaho Power, in accordance with *Idaho Code* § 61-626 and RP 75 and 331.05 files this Answer opposing GeoBitmine’s Petition.

¹ *Petition for Reconsideration of GeoBitmine LLC and Petition for Intervention as a Party*, Case No. IPC-E-21-37, pg. 19.

The Commission has long held that equal treatment of similarly situated customers through separation of utility customer classes with differing rates and service offerings from Idaho Power or other Idaho utilities remains in conformance with a utility's obligation to serve and is non-discriminatory. Other states have recognized the significant costs cryptocurrency miners have imposed on the system and have included moratoriums on new service, or rates at prices above other customers classes,² which have previously been upheld by the U.S. Court of Appeals for the Ninth Circuit.³ GeoBitmine's arguments that Schedule 20, Speculative High-Density Load ("Schedule 20") 1) falls under the category of being preferential or discriminatory among various customers;⁴ 2) discriminates between "old" and "new" customers solely on when they connect to the system;⁵ and 3) does not meet factors identified by the Idaho Supreme Court in *Idaho State Homebuilders v. Washington Water Power*⁶ are flawed and/or misrepresented. Based on a review of the Petition, it appears that GeoBitmine's issues with Idaho Power's application of Schedule 20 would be more appropriately addressed through a formal complaint than through a legal challenge as to the Commission's authority to establish Schedule 20. In the event the Commission wishes to address both in this proceeding, the Company's Answer will first address the Petitioner's challenges to the Commission's legal

² *Electricity Rates Increase 30% For Bitcoin Miners In Washington*, Bitcoinist.com, accessed July 11, 2022, <https://bitcoinist.com/electricity-rates-increase-30-for-bitcoin-miners-in-washington/>

³ *Cytline, LLC v. Public Utility District No. 2 of Grant County, Washington*, 849 Fed.Appx. 656 (March 11, 2021). See also *Ninth Circuit Affirms Special Power Rate for Cryptocurrency Miners*, Sidley Environmental and Energy Brief, March 18, 2021, <https://sidleyenergyblog.sidley.com/ninth-circuit-affirms-special-power-rate-for-cryptocurrency-miners/>

⁴ Petition for Reconsideration, pg. 12.

⁵ *Id.*, pg. 14.

⁶ *Id.*

authority to establish Schedule 20 and will then respond to the Petitioner's complaints against the Company's determination that it should take service under Schedule 20.

I. **THE COMMISSION APPROPRIATELY APPROVED SCHEDULE 20 RATES AND CLASS DIFFERENTIATIONS IN CONFORMANCE WITH IDAHO LAW.**

Idaho Power seeks to reliably and cost-effectively serve all customer needs on its electric system. This is the core of its business model and Idaho Power is agnostic to the source of a customer's load. The Company does not hold any animus toward emerging industries like cryptocurrency mining and Idaho Power wishes to sell electricity to GeoBitmine.

Due to the potential for significant load growth from a speculative, power-intensive industry exacerbating current summer season system constraints, the Company may need to acquire new resources that may ultimately become stranded when the economics of cryptocurrency change. To mitigate that risk, while simultaneously meeting its obligation to reliably serve all customers, Schedule 20 seeks to allocate costs, benefits, and risks of electric service to speculative, high-density loads in a manner that allows entities like GeoBitmine to take electric service while not impacting other customer classes.

Rate and Class Differentiation

GeoBitmine provides numerous references to *Idaho Code* § 61-315 that as part of exercising authority over rates, the Commission is forbidden to allow preferential treatment, advantage, prejudice or disadvantage between ratepayers.⁷ *Idaho Code* § 61-315 states that "no public utility shall establish or maintain any unreasonable difference

⁷ Petition for Reconsideration, pg. 11.

as to rates, charges, service, facilities or in any other respect, either as between localities or as between classes of service” and that the Idaho Public Utilities Commission “shall have the power to determine any question of fact arising under this section.” (emphasis added)

Schedule 20 complies with *Idaho Code* § 61-315 because the Commission has authority to set different rates and charges and establish different terms of service for different rate classes. Approval of Schedule 20 does not discriminate between similarly situated customers and is consistent with prior Commission determinations of rate differentiation.

First, there is a well-established history of Commission-approved rate differentiation that requires interruptible service as part of utility service in recognition of the potential system impacts from that customer segment. Idaho Power’s Special Contract with Astaris LLC (fka FMC) included interruption capability for the first energy block of 120 megawatts (“MW”) when Astaris was an Idaho Power customer from the 1970s through the early 2000s. More recently, Idaho Power’s Hoku Special Contract contemplated service may be limited when peak demand exceeds available resources and approved transitional rates to mitigate immediate impact of its load on other customers.⁸ In addition to Astaris and Hoku, an existing Special Contract between PacifiCorp d/b/a/ Rocky Mountain Power, and Monsanto Company (Monsanto was acquired by Bayer Group (“Bayer”) in 2018) retains interruptibility as part of the service

⁸ *In the Matter of Idaho Power Company’s Application for Approval of a Special Contract to Supply Power to Hoku Materials, Inc.*, Case No. IPC-E-08-21, Order No. 30748 (March 16, 2009).

offering.⁹ In Rocky Mountain Power's most recent rate case, PAC-E-21-07, the approved Settlement Stipulation continues to require interruption but does update the associated interruption credit to Bayer based on the costs of constructing and operating a simple cycle combustion turbine, valued based on Rocky Mountain Power's 2019 Integrated Resource Plan.¹⁰ Similarly, at Idaho Power's next general rate case once Schedule 20 customers are part of Idaho Power's system, the Company would then evaluate the costs and benefits of involuntary interruption for Schedule 20 customers.

GeoBitmine is correct that no other existing Idaho Power ratepayer is currently assessed marginal rates,¹¹ however, marginal rates are not an indication of preferential treatment as claimed by the petitioner. As found appropriate by the Commission in this case, the Commission-approved Hoku Special Contract also included marginal-cost based rates, and it was noted that "a mixed pricing structure is a reasonable approach toward enabling the integration of certain high load customers."¹² If the concern is that no *current* service to customers includes marginal-cost based pricing, Idaho Power has filed for, and the Commission is currently reviewing, Idaho Power's proposed Special Contract with Brisbie, LLC, which also includes a mix of marginal and embedded cost components

⁹ *In the Matter of the Application of PacifiCorp dba Rocky Mountain Power for Approval of an Electric Service*, Case No. PAC-E-13-14 (filed October 31, 2013).

¹⁰ *In the Matter of Rocky Mountain Power's Application for Authority to Increase its Rates and Charges in Idaho and Approval of Proposed Electric Service Schedules and Regulations*, Case No. PAC-E-21-07, Order No. 35277 (December 30, 2021).

¹¹ Petition for Reconsideration, pg. 12.

¹² Case No. IPC-E-08-21, Order No. 30748, pg. 4.

to integrate the Brisbie load onto Idaho Power's electric system and serve it.¹³

Based on their general misunderstanding of the applicability of Schedule 20, GeoBitmine suggests discrimination between "old" and "new" customers based solely on when they connect to the system.¹⁴ No such differentiation exists. Schedule 20 is also applicable to current ("old") Idaho Power customers who choose to engage in cryptocurrency mining and meet the criteria in Schedule 20.¹⁵ In the spring of 2022, Idaho Power received interest from existing customers exploring the feasibility of adding some amount of cryptocurrency mining to their operations. The Company advised those customers that should cryptocurrency mining become the predominant load for the customer, Schedule 20 may be applicable even if their current operation receives service from Idaho Power under Schedule 9 or 19. In mixed-use applications at the same point of delivery ("POD"), it is Idaho Power's guideline that the site's predominant load determines the applicable tariff schedule -- such as a residence which also includes a salon business with multiple high-energy use hair drying machines taking service under the applicable commercial schedule, versus residential.

GeoBitmine makes claim that "Schedule 20 was approved by the Commission in complete disregard for any of the five factors identified by the Idaho Supreme Court in the *Homebuilders* decision."¹⁶ The Idaho Supreme Court interpreted this statute in *Idaho State Homebuilders v. Washington Water Power* ("*Homebuilders*"), noting that "Not all

¹³ *In the Matter of the Application of Idaho Power Company's Application for Approval of Special Contract and Tariff Schedule 33 to Provide Electric Service to Brisbie, LLC's Data Center Facility*, Case No. IPC-E-21-42 (filed December 21, 2021).

¹⁴ Petition for Reconsideration, pg. 14.

¹⁵ Application, pg. 16.

¹⁶ Petition for Reconsideration, pg. 13.

differences in a utility's rates and charges as between different classes of customers constitute unlawful discrimination or preference under the strictures of I.C. § 61-315.”¹⁷ The Court identified cost of service, quantity of electricity used, differences in conditions of service, or the time, nature, and pattern of use as appropriate justifications for setting different rates and charges to different customers.¹⁸ The *Homebuilders* court also cited prior decisions stating that, “Absent a legislative pronouncement to the contrary, we find it within the Commission's jurisdictional province to consider in its rate making capacity all relevant criteria including energy conservation and concomitant concepts of optimum use and resource allocation.”¹⁹ In so doing, “a reasonable classification of utility customers may justify the setting of different rates and charges for the different classes of customers.”²⁰

The “time, nature, and pattern of use” is a justification for separate classification of customers, and Idaho Power's Application highlights the transitory nature of cryptocurrency mining operations worldwide.²¹ Cryptocurrency miners explicitly design their facilities for ease of movement, and marketing of mining facilities stresses the advantage of certain configurations in ease of movement; “if the electricity prices rise or political climate changes, all that the company would need to do is pick up and move.”²²

¹⁷ *Idaho State Homebuilders v. Washington Water Power*, 107 Idaho 415, 420, 690 P.2d 350, 355 (1984).

¹⁸ *Id.*

¹⁹ *Id.*, citing *Grindstone Butte Mutual Canal Co v. Idaho Public Utilities Commission*, 102 Idaho 175, 180-181, 627 P.2d 804, 809-810 (1981).

²⁰ *Id.*, citing *Utah-Idaho Sugar Company v. Intermountain Gas*, 100 Idaho 368, 597 P.2d 1058 (1979).

²¹ Application, pg. 3; 13.

²² Reply Comments, pg. 4.

The quick influx of transitory load into, and potentially out of Idaho Power's service area creates significant risk that costs created by the transitory load ultimately becomes the burden of, and results in a cost shift to other customers.

Schedule 20 customer and capacity charges (Service Charge, Demand, Basic Load Capacity) mirror Schedule 9 and 19 customer rates. The Company agrees that a cost-of-service study is an appropriate basis for differentiation of the rates assessed to a particular customer class, but cost-of-service evaluation will not speak to the ability to be interrupted. While an important criterion that may be largely dispositive of the legal rationale for price differentiation, cost of service is not a *per se* essential element without which ratemaking is invalid.²³ The Company supports the Commission directive that after Idaho Power has evaluated cost assignment based on usage characteristics and system requirements (such as at the time of a general rate case), the Company collaborate with Commission Staff "to then assign the cost and benefits incorporating interruption requirement parameters."²⁴

Marginal Rates

Nearly the entirety of GeoBitmine's discussion around Schedule 20 marginal rates is factually incorrect. A simple review of the Company's Application,²⁵ Staff Comments,²⁶

²³ *Grindstone Butte*, 102 Idaho 181, 627 P.2d 810. ("The question then is not whether one particular type of evidence is present in support of the rate differentiation, but, rather, whether the evidence as a whole in light of the circumstances of the particular case supports the differentiation, substantially, competently and with a just and reasonable result.")

²⁴ Order No. 35428, pg. 7 (emphasis added).

²⁵ Application, pg. 15.

²⁶ Staff Comments, pg. 6.

Company Reply Comments,²⁷ or the Commission's Order²⁸ would have informed GeoBitmine that marginal energy prices in Schedule 20 are based on Integrated Resource Plan ("IRP") Avoided Cost Averages ("ACA"). The Company is unsure how GeoBitmine reached the conclusion Schedule 20 marginal energy prices "exposes GeoBitmine and its waste heat off-taker business partners' operations to the vagaries of the volatile and typically very expensive unregulated spot markets for electricity."²⁹ No such risk exists.

IRP ACAs are published at the time of IRP filing, and list five (5) season and time-differentiated prices for the next 20 years. The Company proposed updates to marginal prices on a two-year cadence mirroring updates to the IRP. IRP ACAs are known, consistent for each seasonal time-differentiated period during the year, and do not introduce any of the so-called spot market risk GeoBitmine erroneously claims in their Petition.

GeoBitmine's misunderstanding of the Schedule 20 offering goes beyond not understanding the basis for marginal energy rates. Had GeoBitmine modeled proposed costs under either Schedule 20 or Schedule 19, it would have likely found that Schedule 20 may be more economically advantageous to their operation due to the inclusion of marginal cost-based energy prices and their treatment under the Power Cost Adjustment ("PCA") mechanism. For instance, for a seven MW load operating at 97.4 percent load factor with all 225 hours of interruption occurring during the summer on-peak period, base

²⁷ Reply Comments, pg. 5.

²⁸ Order No. 35428, pg. 7.

²⁹ Petition for Reconsideration, pg. 6.

charges plus the PCA are approximately \$700,000 more under Schedule 19 versus Schedule 20.

Interruptible Service

GeoBitmine makes several broad claims around electric service interruption not being feasible for any business. First, Schedule 20 includes a maximum of 225 event hours each June 15 through September 15 season, up to ten hours between 1 p.m. and 11 p.m., Monday through Friday, which even if fully utilized still results in uptime (or load factor) of 97.4 percent for the year. Idaho Power's largest customers do not approach load factors of 97.4 percent annually, and most data centers project load factors of approximately 90 percent. In a version of business forecast shared with Idaho Power, GeoBitmine's Customer Load Information form, Confidential Attachment 1, itself projects their load factor to be approximately [REDACTED] annually. Independent of load factor, Idaho Power's successful demand response programs include irrigation, commercial, and industrial participants who may be interrupted up to 60 hours each summer season, and customers generally participate year-over-year, finding that interruption to their operations is feasible.³⁰

GeoBitmine suggests that interruption of power during Schedule 20's interruption season will result in harm to food production.³¹ Idaho Power believes the probability that waste heat is necessary to supplement meteorological conditions for the purpose of

³⁰ Idaho Power Schedule 23 – Irrigation Peak Rewards; Schedule 82 – Flex Peak Program; <https://puc.idaho.gov/Fileroom/PublicFiles/ELEC/IPC/General/0tariff/Idaho%20Power%20Company.pdf>.

In the Matter of Idaho Power Company's Application for Approval to Modify its Demand Response Programs, Case No, IPC-E-21-32 (filed October 1, 2021).

³¹ Petition for Reconsideration, pg. 5.

potato storage or other greenhouse operations between the hours of 1 p.m. and 11 p.m. June 15 through September 15 is near zero. Schedule 20's interruption season is specifically designed to meet the Company's periods of highest system demand which typically coincide with periods of significant customer cooling need. It is during the summer peak season when Idaho Power's system is most constrained and may require the addition of peak-serving resources to serve new load -- resources with costs at risk of becoming stranded if the new load is transitory.

Finally, beyond demand response, interruptible service is not uncommon. Several utilities offer interruptible rates, with some specifically tailored for cryptocurrency mining operations such as Black Hills Energy³² and Rocky Mountain Power in Wyoming.³³ Idaho Power believes GeoBitmine is familiar with these offerings as when GeoBitmine first requested an estimate of electric rates under a special contract, they shared a competing rate quote received from Rocky Mountain Power Wyoming under their interruptible rate, and their Customer Load Information form also indicates load factor of [REDACTED] with curtailment during peak." As recently as July 11, 2022, the need to interrupt Bitcoin mining load due to strain of the electrical system presented itself, this time in Texas. Due to projected strains on the power grid from a heat wave, the Electric Reliability Council of Texas requested curtailment from Bitcoin miners, "who are required to turn off their

³² *Black Hills Energy to serve first customer under new Wyoming Blockchain Interruptible Service Tariff*, Black Hills Energy Press Release, June 21, 2022, <https://www.blackhillsenergy.com/news/black-hills-energy-to-serve-first-customer-under-new-wyoming-blockchain-interruptible-service-tariff>

³³ *Rocky Mountain Power Schedule 30 – Interruptible Service Pilot*, [https://www.rockymountainpower.net/content/dam/pcorp/documents/en/rockymountainpower/rates-regulation/wyoming/rates/030 Interruptible Service Pilot.pdf](https://www.rockymountainpower.net/content/dam/pcorp/documents/en/rockymountainpower/rates-regulation/wyoming/rates/030%20Interruptible%20Service%20Pilot.pdf)

machines when the state faces energy shortages.”³⁴

Further, through the Company’s Answer, Idaho Power demonstrates it is following the Commission’s prescribed directive “to continue to evaluate assumptions regarding the risks and need for mandatory interruptible service, the need for non-interruptible service through special contract or other options for customers with loads below 10 MW.”³⁵

II. **IDAHO POWER EVALUATED GEOBITMINE’S REQUEST FOR SERVICE IN A NON-DISCRIMINATORY MANNER AND APPROPRIATELY DETERMINED THAT SCHEDULE 20 APPLIES TO THE PETITIONER’S REQUEST BASED ON THE INFORMATION PRESENTED.**

GeoBitmine is a startup cryptocurrency miner domiciled in Puerto Rico who seeks to leverage the significant cooling requirements of cryptocurrency mining operations by exhausting the waste heat into greenhouses.

GeoBitmine's Service Request

GeoBitmine initially inquired for service from Idaho Power on May 9, 2022, suggesting they were evaluating siting at the former Hoku plant location in Pocatello and seeking service in excess of 20 MW, expected to be online by Fall 2022. On May 24, 2022, GeoBitmine submitted a Customer Load Information interest form to Idaho Power indicating service was now anticipated at a different location and that the load would initially be between six to seven MW (to be online in less than one month, by June 15, 2022), [REDACTED].

During a call on June 8, 2022, GeoBitmine made representations to agreements they had with an existing Idaho Power customer, the J.R. Simplot Company (“Simplot”),

³⁴ *Bitcoin Miners Shut Off Rigs as Texas Power Grid Nears Brink*, Bloomberg, July 11, 2022, <https://www.bloomberg.com/news/articles/2022-07-11/bitcoin-miners-shut-off-rigs-as-texas-power-grid-nears-brink#xj4y7vzkg>

³⁵ Order No. 35428, pg. 6 (emphasis added).

to lease space at Simplot's Aberdeen site. As Simplot was not a party to the call, nor had Simplot provided express written consent to Idaho Power for their customer information to be shared with GeoBitmine, Idaho Power was not able to answer specific site questions. On that same call, Idaho Power advised GeoBitmine that because their projected load was forecast to exceed 20 MW, a Special Contract would be required, and the Company outlined the timeline to negotiate, file, and receive Commission approval of a Special Contract, which in the Company's estimate would exceed one year.

On June 28, 2022, a Simplot representative joined a call with Idaho Power and GeoBitmine and during that call, Idaho Power understood that GeoBitmine proposed to lease a single warehouse building at the Simplot site. Based on an understanding that GeoBitmine's six to seven MW load would be the overwhelmingly predominant load at the site, Idaho Power informed Simplot and GeoBitmine that all of the load served at a single POD would be billed under the same tariff schedule determined by the primary use. Based on the information provided to Idaho Power which indicated cryptocurrency mining as the primary load serving activity of the operation, Idaho Power informed both Simplot and GeoBitmine that Schedule 20 may be applicable.

Applicability of Schedule 20

The Company evaluated GeoBitmine's request for service, based on information known as of June 28, 2022, and determined that Schedule 20 was applicable. As outlined in Schedule 20, service under the schedule is applicable and mandatory for customers who can relocate quickly in response to short-term economic signals and meet four or more of the criteria listed. In evaluating GeoBitmine's request for service, Idaho Power determined that the following criteria applied to the prospective load: (1) high energy use

density, (2) high load factor, (3) load that is portable and distributable, (4) highly variable load growth or load reduction, (5) high sensitivity to volatile commodity or asset prices, (6) part of an industry with potential to quickly become a large concentration of power demand, and (7) lack of credit history or ability to demonstrate financial viability.

In its Petition, GeoBitmine suggests the Company has erred in its finding that the business would respond to a short-term economic signal and suggested it could not relocate quickly. In support of these claims, GeoBitmine cited a “GeoBitmine/J. R. Simplot/University of Idaho joint business venture”³⁶ and highlighted that “neither the J. R. Simplot Company’s potato cellar nor the University of Idaho’s Agricultural Extension Research School are able to ‘relocate quickly in response to short-term economic signals’” stating that “the University of Idaho is a state institution and its experimental research activities probably do not respond at all to short-term economic signals.”³⁷

Information presented in the Petition regarding a formal partnership, in fact a joint venture, with Simplot and the University of Idaho’s Agricultural Extension Research School is not information that had been previously supplied to Idaho Power despite multiple requests for this information to be provided. As such, Idaho Power is open to evaluating the nature of the joint venture and any contractual agreements which may support GeoBitmine’s claims that it does not qualify for Schedule 20.

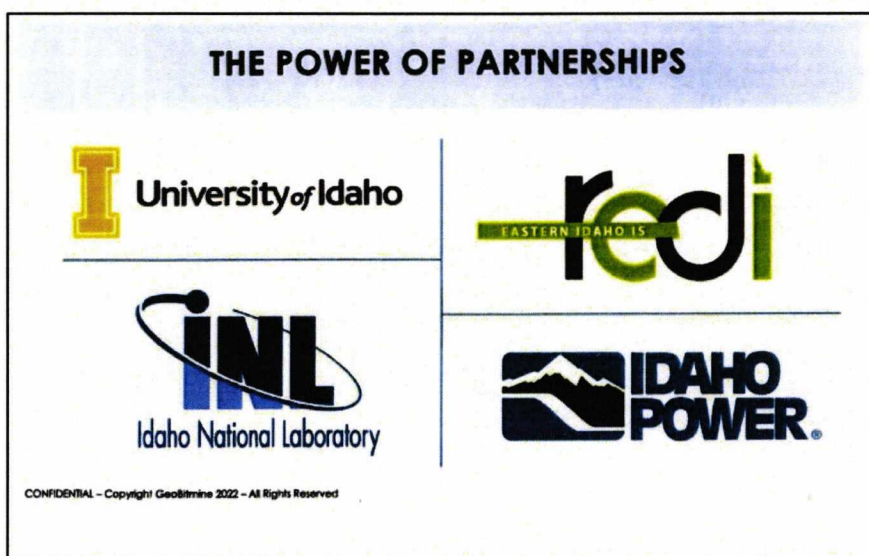
It should be cautioned that while GeoBitmine, as shown in Exhibit 1 to the Petition, has implied partnerships with entities, it is unknown to what extent those “partnerships” exist. Page 18 of the 24-page slide deck describing the GeoBitmine business model

³⁶ Petition for Reconsideration, pg. 5.

³⁷ *Id.*, pg. 7.

contains the unauthorized use of the Idaho Power logo implying GeoBitmine's partnership with the Company.³⁸ Idaho Power can affirmatively state it has not agreed to, nor authorized the use of its logo in GeoBitmine marketing material. Similarly, at this point in time, Idaho Power has not been provided information by GeoBitmine that would reinforce its claim of having entered a joint venture with Simplot and/or the University of Idaho. In fact, subsequent to the filing of the Petition, Idaho Power spoke with Simplot representatives who indicated that Simplot does not have a current business relationship with GeoBitmine.

Figure 1 – GeoBitmine Exhibit 1, GeoBitmine Business Model Presentation, slide 18.



Other Implementation Considerations

In its Petition, GeoBitmine omits critical facts about their evolving request for service from Idaho Power, first of which, is an attempt to receive electrical service on a

³⁸ *Id.*, Exhibit 1, filing PDF page 39 of 54.

preferred, accelerated timeline, leapfrogging all other new industrial customers seeking to receive service from Idaho Power. GeoBitmine has a pattern of providing unrealistic timelines for their operations to come online, has provided updates that include significant fluctuations in planned capacity requirements for their load, and has demonstrated a desire to bypass the standard process for new customer interconnection.

Independent of whether GeoBitmine takes service under Schedule 19 or Schedule 20, the Company is concerned GeoBitmine's most recent preferred interconnection path seeks to immediately receive service from Idaho Power through a configuration which may violate the Commission's Master-Metering Rules.³⁹ Through discussions with GeoBitmine, Idaho Power informed GeoBitmine of its large load interconnection process and the timing necessary to secure interconnection equipment. Due to recent supply chain disruptions, that process can take anywhere from 12-18 months for a new large primary service level customer, like GeoBitmine. It was only after the discussions regarding Schedule 20 applicability and the lead-time associated with interconnecting a new primary-service level account when GeoBitmine expressed intent to take service at the Simplot Aberdeen site through Simplot's existing POD, with Simplot remaining as the customer of record. That is, Simplot will continue with their existing business operations and GeoBitmine will locate its cryptocurrency operations behind that POD and will presumably reimburse Simplot for the cost of electricity through a lease or other arrangement. The Company is concerned the proposed arrangement at Simplot's Aberdeen location may constitute a violation of the Commission's Master-Metering Rules.

³⁹ The Idaho Public Utilities Commission's *Master-Metering Rules for Electric Utilities*, IDAPA 31.26.01.102.

Master metering was recently reviewed by the Commission in evaluation of a mixed-tenant application of master metering at the State of Idaho Chinden Office Complex (“Complex”), formerly the Hewlett-Packard Company campus, with the Idaho Department of Administration (“IDOA”) filing for an exemption from Commission master metering rules in Case No. IPC-E-18-08.⁴⁰ IDOA purchased the Complex in 2017 and assumed existing leases with four separate commercial entities in four of the Complex buildings. Three out of four of the leased buildings were served from the same POD as the remainder of the Complex, and IDOA planned to move various state agencies to the Complex building by building as leases expired for the commercial entity tenants. IDOA was the customer of record for electrical service and requested waiver from the Commission for provisions of the Master-Metering Rules as well as authority to install submeters to allow for billing one of the tenants for actual costs of its electric use. In denying the exemption, the Commission reiterated that the absence of a direct utility billing means that the price signal of electricity costs would be lost.⁴¹ Further the Commission found:

We understand that the intent of individually metering buildings is complicated when multiple tenants, each with a full-service lease that includes utilities in the rent payment, occupy the same building. Although it may be impractical to individually meter multiple tenants in a building, it is not reasonable to compound that problem by allowing master-metering in this case. The record shows that the price signal is best preserved through individual utility metering.⁴²

⁴⁰ *In the Matter of the Petition of the Idaho Department of Administration for an Exemption from the Idaho Public Utilities Commission’s Master-Metering Rules for Electric Utilities and the Idaho Power Master Metering Standards*, Case No. IPC-E-18-08, filed April 13, 2018.

⁴¹ Case No. IPC-E-18-08, Order No. 34219, pg. 9.

⁴² *Id.*, pg. 10.

Simplot Aberdeen Site

The Simplot Aberdeen site has experienced a reduction in utilization of available energy capacity at the site over the last ten years. In anticipation of consolidation of activity between locations, Idaho Power filed for approval of a Special Contract at Simplot's Caldwell plant in 2015.⁴³ Simplot's Caldwell facility replaced three existing facilities, the Aberdeen location being one of them. [REDACTED]

[REDACTED]

The Aberdeen Simplot site, diagramed in Figure 2 below, includes POD at the meter, [REDACTED]

[REDACTED]

[REDACTED] Also diagramed in Figure 2 is the proposed location of GeoBitmine's facility in yellow.

⁴³ *In the Matter of Idaho Power Company's Application for Approval of Special Contract and Tariff Schedule 32 to Provide Electric Service to J.R. Simplot Company's Caldwell Facility*, Case No. IPC-E-15-13, Order No. 33303 (May 22, 2015).

[REDACTED]

[REDACTED]

Idaho Power's understanding of GeoBitmine's desire to take service at the Aberdeen campus is supported by GeoBitmine's own description of the location and proposed site configuration:

The Simplot Aberdeen facility has several potato cellars, some of which are now vacant and some of which are still used for potato storage. Initially, the proposed GeoBitmine facility at the Simplot site would consist of 3 Geo Datapods adjacent to an approximately thirty-thousand square foot potato cellar owned by the J. R. Simplot Company which the University of Idaho Research and Extension School is planning on using for academic seed research. The potato cellar will ultimately be used for high-intensity indoor commercial food production by utilizing waste heat from the cryptocurrency

Geo Datapods which will produce a temperate year-round growing climate.⁴⁴

Regardless of under which rate schedule GeoBitmine's load ultimately takes service, Idaho Power interprets the Commission's Master-Metering Rules as requiring a separate POD to serve the GeoBitmine load.

III. PROCEDURAL IRREGULARITIES & OBJECTION TO GEOBITMINE'S LATE INTERVENTION

GeoBitmine was not a party to the underlying proceeding yet referenced⁴⁵ discovery responses that were only available to parties who had intervened – Staff, the Industrial Customers of Idaho Power (“ICIP”), and 2140 Labs LLC. Although their ratemaking interests are arguably adverse to one another, Mr. Richardson has separately filed Petitions to Intervene on behalf of ICIP and GeoBitmine. It appears that the discovery materials gained by one client were used for the benefit of another who had not yet sought permission to intervene nor secured the right to conduct its own discovery.

The right of discovery is limited to parties and is reciprocal under Commission Procedural Rules 222 and 223. Petitions to Intervene that are not timely filed “must state a substantial reason for delay” as required by Procedural Rule 73 and GeoBitmine has not offered one. Generally, late intervention is granted when there is no “prejudice to existing parties” or if intervention does not result in “unduly broadening the issues.”⁴⁶ However, due to these procedural irregularities, Idaho Power has been denied the opportunity to conduct discovery of GeoBitmine concerning its interconnection and potential electric service at Simplot's Aberdeen facility. Consequently, Idaho Power

⁴⁴ Petition for Reconsideration, pg. 3.

⁴⁵ *Id.*, pg. 8; pg. 11.

⁴⁶ IDAPA 31.01.01.073.

objects to the late intervention to GeoBitmine.

While Idaho Power does not dispute the ability of any person interested in final Order No. 35428 to petition for reconsideration pursuant to Procedural Rule 331, Idaho Power believes many of the issues raised in the Petition for Reconsideration pertain to how Idaho Power subsequently applied Schedule 20 to GeoBitmine and are beyond the scope of this more generic docket. If the Commission is so inclined, it could address GeoBitmine-specific issues in a separate complaint case to be initiated by GeoBitmine or opened by the Commission on its own motion. Idaho Power and Staff could then conduct discovery in that complaint proceeding to determine if Schedule 20 continues to be applicable to GeoBitmine in light of potential changes in GeoBitmine's business partnerships and risk profile.

IV. CONCLUSION

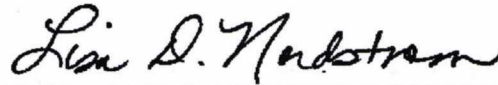
Idaho Power respectfully requests the Commission deny both GeoBitmine's Petition for Reconsideration of Order No. 35428, and Petition for Intervention. The Commission's Approval of Schedule 20 meets the requirements set by Idaho law, and is consistent with prior Commission orders to reasonably distinguish between differently situated customer classifications to establish a separate rate schedule in a non-discriminatory manner. Schedule 20 provides equal treatment of similarly situated customers through differentiation in rates and service offerings by recognizing the transitory nature of electric service for Speculative High-Density Load customers.

In accordance with the Commission's directive to continue to evaluate the assumptions regarding risks in the need for customers to take service under Schedule 20, upon receipt of documentation of contractual obligations between GeoBitmine,

Simplot, and/or the University of Idaho's Agricultural Extension Research School, the applicability of Schedule 20 to GeoBitmine may be addressed such that the Company would be able to offer service to GeoBitmine at their own POD as the customer of record under the applicable commercial or industrial rate schedule.

The Company's concern regarding potential violations of the Commission's Master-Metering Rules under what Idaho Power believes is GeoBitmine's preferred interconnection configuration will not be addressed by granting this Petition. If that is GeoBitmine's ultimate goal, the Commission could instead direct GeoBitmine and/or Simplot to file for an exemption of the Commission's Master-Metering Rules.

Respectfully submitted this 13th day of July 2022.



LISA D. NORDSTROM
Attorney for Idaho Power Company

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on the 13th day of July 2022, I served a true and correct copy of the foregoing Idaho Power Company's Answer to GeoBitmine's Petition for Reconsideration & Objection to Late Intervention upon the following named parties by the method indicated below, and addressed to the following:

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**BEFORE THE
IDAHO PUBLIC UTILITIES COMMISSION**

CASE NO. IPC-E-21-37

IDAHO POWER COMPANY

**CONFIDENTIAL
ATTACHMENT 1**