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IDAHO PUBLIC
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Attorney for the Commission Staff

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION OF)
IDAHO POWER COMPANY FOR AUTHORITY)
TO MODIFY SPECIAL CONTRACT)
ELIGIBILITY BY REDUCING THE UPPER)
LIMIT OF POWER REQUIREMENTS FOR)
LARGE LOAD CUSTOMERS.)
_____)
CASE NO. IPC-E-10-23
COMMENTS OF THE
COMMISSION STAFF

COMES NOW the Staff of the Idaho Public Utilities Commission, by and through its attorney of record, Scott Woodbury, Deputy Attorney General, and in response to the Notice of Application, Notice of Modified Procedure and Notice of Comment/Protest Deadline issued on September 23, 2010 in Case No. IPC-E-10-23, submits the following comments.

BACKGROUND – IDAHO POWER APPLICATION

On August 26, 2010, Idaho Power Company (Idaho Power; Company) filed an Application with the Idaho Public Utilities Commission (Commission) for an Order authorizing reducing the upper limit for large power service under Schedule 19, agricultural irrigation service under Schedule 24 and point of delivery service requirements in Rule C (Service and Limitations) from 25,000 kW to 20,000 kW of aggregate load. Under the Company’s proposal, service at levels exceeding 20,000 kW will require special contract arrangements. The Company requests that the tariff modifications become effective on or before January 1, 2011.

Schedule 19, Large Power Service, is currently available and mandatory for customers who register a meter demand of 1,000 kW or more per billing period for 3 or more billing periods during the most recent 12 consecutive months, up to a maximum demand of 25,000 kW. Schedule 24, Agricultural Irrigation Service, is applicable to agricultural use customers operating water pumping or water delivery systems used to irrigate agricultural crops or pasturage for loads up to 25,000 kW. A customer is not eligible for Schedule 19 or Schedule 24 service if its aggregate power requirement at one or more points of delivery on the same premises exceeds 25,000 kW. Point of Delivery Service requirements in Rule C state that a special contract is required when an aggregate power requirement exceeds 25,000 kW.

The Company, with this Application, proposes to reduce the 25,000 kW eligibility limit to 20,000 kW for Schedules 19 and 24 and Rule C. Idaho Power has filed this request in response to what it states is the continued high interest from potential large industrial load customers to take service from Idaho Power, and an identified need to address responsible planning and development on the part of the Company, which has a lack of capacity and other constraints on its system. At a time when the ability of Idaho Power's generation and transmission system to serve new load is constrained, the size and operating characteristics of potential large loads, the Company contends, can be very expensive to serve. In recent years, excess capacity has diminished to the point that new large loads will often drive the need to add new generation and/or new transmission. By lowering the size limit, the Company states it can address service to growing or new load within a special contract, allowing for specific cost-of-service information as well as the unique operating characteristics of customers of this size to be considered and captured within the terms of the contractual agreement. Special contracts, the Company contends, can provide some protection to the Company's customers from unintended system impacts that large loads may impose because of their size and their time, nature, and pattern of use.

Idaho Power represents that the proposed change will not affect any current Schedule 19 or 24 customers. The Company reports that it has approximately one hundred ten (110) Schedule 19, Large Power Service customers in its Idaho service territory. The Company also reports that it currently has four special contract customers: (1) Micron Technology, Inc.; (2) the United States Department of Energy's Idaho National Laboratory; (3) the JR Simplot Company; and (4) Hoku Materials, Inc. These four customers range in size from 30 to 85 MWs of load. Idaho Power states it currently has approximately 75 potential new customers system-wide with

loads greater than 1 MW and one with a potential load of 240 MW that have expressed interest in obtaining service. A single customer with a load of about 60 MW appears likely to soon require service.

The most recent special contract, Hoku Materials, Inc., approved by the Commission on March 16, 2009, by Order No. 30748 in Case No. IPC-E-08-21 was developed by Idaho Power, it states, with several regulatory goals for large load service in mind. These goals are to: (1) provide requested service consistent with system capability and the reliability needs of existing customers; (2) provide options to the customer when the Company is unable to provide service as requested; (3) mitigate the rate impact on existing customers by developing a rate structure that includes a marginal price component for an initial term of the service agreement; (4) require upfront contributions to capital expenditures associated with facilities that specifically serve the large load customer; and (5) provide a means to quantify known and measurable amounts of additional load for Integrated Resource Planning. The Company's request in this case, it states, better enables it to manage the impacts of potential new large loads on its system in satisfaction of these goals.

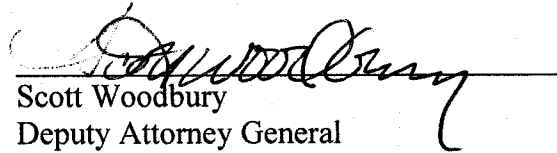
STAFF ANALYSIS

As part of its review of Idaho Power's filing, Staff looked at load requirements for special contracts for Avista and Rocky Mountain Power who also provide service in Idaho under the Commission's jurisdiction. Avista requires a Special Contract when a customer's load exceeds 25,000 kVa, which is 25,000 kW at 100% power factor. Rocky Mountain Power requires a Special Contract when a customer's load exceeds 15,000 kW three times in a six month period. Idaho Power Company's request to reduce the load level above which a special service contract is required from 25,000 kW to 20,000 kW remains comparable to Special Contract service levels approved for other Idaho electric utilities. Staff also believes that the Company's goals for the treatment of new large loads as identified previously in these comments and explained in the Company filing have merit. The Company's proposal will not impact any existing Schedule 19, Schedule 24 or Special Contract customers and is consistent with the Hoku Special Contract previously approved by the Commission.

STAFF RECOMMENDATION

Staff recommends that the Company's request to reduce the minimum load requirement for a special contract from 25,000 kW to 20,000 kW be approved as filed. The Staff further recommends that the changes become effective January 1, 2011.

Respectfully submitted this 12th day of November 2010.


Scott Woodbury
Deputy Attorney General

Technical Staff: Keith Hessing

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 12TH DAY OF NOVEMBER 2010, SERVED THE FOREGOING **COMMENTS OF THE COMMISSION STAFF**, IN CASE NO. IPC-E-10-23, BY MAILING A COPY THEREOF, POSTAGE PREPAID, TO THE FOLLOWING:

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