

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

**IN THE MATTER OF THE APPLICATION )  
OF PACIFICORP DBA ROCKY MOUNTAIN ) CASE NOS. IPC-E-14-41  
POWER AND IDAHO POWER COMPANY ) PAC-E-14-11  
FOR AN ORDER AUTHORIZING THE )  
EXCHANGE OF CERTAIN TRANSMISSION ) NOTICE OF APPLICATION  
ASSETS )  
)  
) NOTICE OF  
) INTERVENTION DEADLINE  
)  
)  
) ORDER NO. 33212**

---

On December 19, 2014, PacifiCorp dba Rocky Mountain Power and Pacific Power (collectively “PacifiCorp”) and Idaho Power Company filed a joint Application asking the Commission to approve the exchange of certain transmission assets. Over the past 40 years, the parties have entered into a number of agreements (generally referred to as “Legacy Agreements”) through which they jointly own and operate the Jim Bridger power plant and associated transmission assets. On October 24, 2014, the parties entered into a Joint Purchase and Sale Agreement (JPSA) and Joint Ownership and Operating Agreement (JOOA) to largely replace or amend three prior Legacy Transmission Agreements. In the three Legacy Transmission Agreements, PacifiCorp owns two of the three 345 kilovolt (kV) transmission lines, and Idaho Power owns one.<sup>1</sup> The purpose of the new agreements is to address inefficiencies caused by changes in “the regulatory landscape, the Parties’ respective load growth, and investments in system upgrades.” Application at 2-3. The new agreements would exchange the parties’ assets, and re-allocate ownership interests and operational responsibilities. *Id.*

The parties ask the Commission for an Order approving these new agreements, and finding that the asset transfer is consistent with the public interest. *Id.* at 11. The parties acknowledge that the Commission has authority over this matter pursuant to *Idaho Code* § 61-328 (transfer of utility assets). *Id.* at 1.

---

<sup>1</sup> The Jim Bridger Plant is connected to Idaho Power and PacifiCorp’s transmission system by three 345 kV transmission lines: (1) the Jim Bridger – Three Mile Knoll – Goshen line; (2) the Jim Bridger – Populus – Borah line; and (3) the Jim Bridger – Populus – Kinport line. Application at 3.

## BACKGROUND

In 1969, the parties entered into “a series of agreements for the construction, ownership, and operation of the Jim Bridger power plant.” Grow Direct at 4. These Legacy Agreements include the Restated Transmission Service Agreement (RTSA), the Restated and Amended Transmission Facilities Agreement (RATFA), and the Interconnection and Transmission Service Agreement (ITSA). Application at 2-3. Among other purposes, these three Legacy Transmission Agreements were intended to move energy from the Jim Bridger plant in Wyoming to PacifiCorp’s “West Balancing Area” in Oregon, Washington, and California. *Id.* Since those agreements were signed, the allocation of the parties’ ownership and operational responsibilities has been rendered inefficient “with regard to each Party’s modern day load-service and regulatory obligations.” *Id.* at 2. To address this inefficiency, the parties entered into the JPSA and JOOA, dated October 24, 2014, which will – if the Commission approves the parties’ Application – eliminate or amend all prior Legacy Agreements. *Id.* at 3.

## NOTICE OF APPLICATION

YOU ARE HEREBY NOTIFIED THAT the parties ask the Commission to approve their asset exchange according to the provisions of the JPSA and JOOA, which they say will simplify and modernize their relationship and be more consistent with current regulatory requirements. Application at 4. According to the parties, the new agreements will improve their relationship by better allocating asset ownership with load service needs. *Id.* at 7. Under the three Legacy Transmission Agreements, PacifiCorp owns two of the three transmission lines connecting the parties’ transmission system to the Jim Bridger Plant; Idaho Power owns one. *Id.* at 3-4. The parties’ new agreements would allocate ownership in each of the three transmission lines to both Idaho Power and PacifiCorp. *Id.* at 4. This re-allocation would better align the parties’ ownership interests with their current operational requirements. *Id.* at 4-5.

YOU ARE FURTHER NOTIFIED that, under the JPSA, PacifiCorp would receive ownership in the following substations and transmission lines to meet capacity needs:

<u>Substations</u>	<u>Transmission Lines</u>
Kinport	Jim Bridger – Three Mile Knoll – Goshen
Borah	Goshen – Jefferson – Big Grassy
Adelaide	Midpoint – Kinport
Midpoint	Midpoint – Adelaide – Borah #1
	Midpoint – Adelaide – Borah #2

*Id.* at 6.

YOU ARE FURTHER NOTIFIED that, under the Legacy Agreements, PacifiCorp owns two-thirds of the transmission lines’ total capacity; Idaho Power owns one-third of the total capacity. *Id.* at 3-4. Under the new agreements, PacifiCorp would be provided about 1,600 megawatts (MW) of capacity across Idaho Power’s transmission system, “consistent with the capacity PacifiCorp is provided under the Legacy Agreements and existing Open Access Transmission Tariff (OATT) service.” *Id.* Idaho Power would be provided with capacity “on various portions of the existing PacifiCorp transmission system.” *Id.* The new agreements would “not create any new available transmission capacity.” *Id.* at 5.

YOU ARE FURTHER NOTIFIED that, under the JPSA, Idaho Power would receive ownership in the following PacifiCorp substations and transmission lines to facilitate its service obligations:

<u>Substations</u>	<u>Transmission Lines</u>
Goshen	Kinport – Goshen
Burns	Antelope – Goshen
Summer Lake	Antelope – Scoville
Jefferson	American Falls – Malad
Big Grassy	Midpoint – Hemingway – Summer Lake
Walla Walla	Walla Walla – Hurricane
Hurricane	Jim Bridger – Populus – Borah
Antelope	Jim Bridger – Populus – Kinport

*Id.*

YOU ARE FURTHER NOTIFIED that the parties assert the two new agreements will be more consistent with current regulatory requirements than the Legacy Agreements which use antiquated language and practices regarding transmission service. *Id.* at 4-5. Under the new

agreements, purchases of transmission service will be OATT-based, using current reliability standards and industry practices, and providing more transparency. *Id.* at 5, 8.

YOU ARE FURTHER NOTIFIED that the parties state the two new agreements will “[c]onsolidate and modernize the ownership and operational provisions of the Legacy Agreements into a single agreement, the JOOA.” *Id.* at 8. If approved, “the new arrangement will replace approximately 14 Legacy Agreements and amend and consolidate 3 other Legacy Agreements with current OATT service and ownership.” *Id.* Under the JOOA, the parties (1) would have more operational flexibility, thus improving reliability; (2) could “more efficiently operate the transmission system consistent with current regulatory requirements”; and (3) could “more effectively manage required system upgrades and serve expected load growth.” *Id.*

YOU ARE FURTHER NOTIFIED that the parties state the transaction would be worth about \$43 million to each party “based on the net book value of the assets as of December 31, 2014.” *Id.* at 9. The parties summarized the cost of the assets and the applicable depreciation reserve in the following chart:

	<b><u>PacifiCorp</u></b>	<b><u>Idaho Power</u></b>
<b>Electric Plant in Service</b>	\$74,148,876	\$63,787,598
<b>Accumulated Depreciation</b>	(\$30,530,978)	(\$20,522,563)
<b>Net Plant</b>	\$43,617,898	\$43,265,036

*Id.* at 9. The parties believe the asset exchange “benefits both Parties and is in the best interest of both Parties’ customers.” *Id.* The parties request a finding by the Commission that “the costs of and rates of existing electric service in the state of Idaho will not be increased by reason of” the asset exchange. *Id.* at 11.

YOU ARE FURTHER NOTIFIED that, in support of their Application, the parties submitted prefiled testimony, the JPSA, the JOOA, and supporting exhibits. The parties request that their Application be processed under Modified Procedure. *Id.* at 10.

#### **NOTICE OF INTERVENTION DEADLINE**

YOU ARE FURTHER NOTIFIED that **persons desiring to intervene** in this matter **must file a Petition to Intervene** with the Commission pursuant to this Commission's Rules of Procedure 72 and 73, IAPA 31.01.01.072 and -.073. **All Petitions to Intervene must be filed within 14 days of the service date of this Order.** Persons desiring to present their views

without parties' rights of participation and cross-examination are not required to intervene and may present their comments without prior notification to the Commission or the parties.

YOU ARE FURTHER NOTIFIED that the following persons are designated as the parties' representatives in this matter:

Julia A. Hilton	Daniel Solander
Idaho Power Company	Ted Weston
P.O. Box 70	Rocky Mountain Power
Boise, ID 83707	201 S. Main St., Suite 2300
E-Mail: <a href="mailto:jhilton@idahopower.com">jhilton@idahopower.com</a>	Salt Lake City, UT 84111
	E-Mail: <a href="mailto:daniel.solander@pacificorp.com">daniel.solander@pacificorp.com</a>
	<a href="mailto:ted.weston@pacificorp.com">ted.weston@pacificorp.com</a>

YOU ARE FURTHER NOTIFIED that once the deadline for intervention has passed, the Commission Secretary shall prepare a Notice of Parties. Staff counsel will then convene an informal scheduling conference.

YOU ARE FURTHER NOTIFIED that the Application, exhibits, and testimonies have been filed with the Commission and are available for public inspection during regular business hours at the Commission offices. The Application, exhibits, and testimonies are also available on the Commission's website at [www.puc.idaho.gov](http://www.puc.idaho.gov). Click on the "File Room" tab at the top of the page, scroll down to "Open Electric Cases," then click on either case number as shown on the front of this document.

YOU ARE FURTHER NOTIFIED that the proposed asset exchange requires this Commission's approval under *Idaho Code* § 61-328. This section provides in pertinent part that no electric utility may sell or transfer any property located in this state "which is used in the generation, transmission, distribution or supply of electric power and energy to the public or any portion thereof . . . except when authorized to do so by order of the public utilities commission." *Id.* Before authorizing such a transaction, the Commission must find that: (1) the transaction is consistent with the public interest; (2) the costs of and rates for supplying service will not be increased by reason of such transaction; and (3) the applicants for such transaction have a bona fide intent and financial ability to operate and maintain said property in the public service. *Idaho Code* § 61-328(3). The Commission may condition its authorization with such terms and conditions as in its judgment the public convenience and necessity may require. *Idaho Code* § 61-328(4).

YOU ARE FURTHER NOTIFIED that all proceedings in this case will be held pursuant to the Commission's jurisdiction under Title 61 of the Idaho Code and specifically *Idaho Code* §§ 61-503 and 61-328. The Commission may enter any final Order consistent with its authority under Title 61.

YOU ARE FURTHER NOTIFIED that all hearings will be conducted pursuant to the Commission's Rules of Procedure, IDAPA 31.01.01.000 *et seq.*

YOU ARE FURTHER NOTIFIED that the Industrial Customers of Idaho Power (ICIP) filed a Petition to Intervene on January 6, 2015.

**ORDER**

IT IS HEREBY ORDERED that persons desiring to intervene in this matter shall file a Petition to Intervene no later than 14 days from the service date of this Order. Once the deadline for Petitions to Intervene has passed, the Commission Secretary shall prepare and issue a Notice of Parties.

IT IS FURTHER ORDERED that Staff counsel shall convene an informal scheduling conference so the parties may discuss how this case will be processed, and other case management issues.

IT IS FURTHER ORDERED that ICIP's Petition to Intervene is granted.

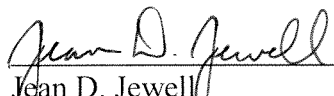
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 13<sup>th</sup>  
day of January 2015.

  
\_\_\_\_\_  
PAUL KJELLANDER, PRESIDENT

  
\_\_\_\_\_  
MACK A. REDFORD, COMMISSIONER

  
\_\_\_\_\_  
MARSHA H. SMITH, COMMISSIONER

ATTEST:

  
\_\_\_\_\_  
Jean D. Jewell  
Commission Secretary