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*Submitted via e-filing*

Kimberly D. Bose  
Secretary  
Federal Energy Regulatory Commission  
888 First Street, NE  
Washington, DC 20426

Re: Idaho Power Company  
Docket No. ER15-\_\_\_\_-000

Dear Ms. Bose:

Pursuant to Section 205 of the Federal Power Act (“FPA”)<sup>1</sup> and Part 35 of the Federal Energy Regulatory Commission’s (“FERC” or “Commission”) regulations,<sup>2</sup> Idaho Power Company (“Idaho Power”) seeks:

A. Commission verification that the demand inputs to its transmission formula rate may, upon closing of a transaction with PacifiCorp (discussed below), reflect: (1) the cancellation of 1,836 megawatts (“MW”) of terminated legacy agreements with PacifiCorp (the “Legacy Agreements”), and (2) the addition of 310 MW of demand associated with Long-Term Firm Point-To-Point Transmission Service reservations with PacifiCorp that replace the cancelled Legacy Agreements (the “LTF PTP”); and

B. Alternatively, if the Commission determines that Idaho Power does not have existing authority under its transmission formula rate to reflect upon closing the cancellation of the Legacy Agreements or the LTF PTP transmission service, then Idaho Power requests that the Commission: (1) authorize Idaho Power to make a one-time adjustment of the inputs to the demand portion of its formula rate to reflect the cancellation of the Legacy Agreements and/or the addition of the LTF PTP transmission service, and (2) grant a limited, one-time waiver of several provisions within its formula rate necessary to effect the adjustment(s).

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<sup>1</sup> 16 U.S.C. § 824d (2012).

<sup>2</sup> 18 C.F.R. Part 35 (2015). The Commission’s regulations require every public utility to file rate schedules that clearly and specifically set forth all rates and charges for any transmission of electric energy subject to the jurisdiction of the Commission. 18 C.F.R. § 35.1(a),(e). The term rate schedule includes all practices which in any manner affect or relate to the service, rates and charges. 18 C.F.R. § 35.2(b)(3).

## Executive Summary

The formula Idaho Power utilizes to determine its annual Total Transmission Revenue Requirement is set forth in Attachment H of Idaho Power's Open Access Transmission Tariff (the "OATT") and the equations used to determine Idaho Power's transmission service rates are set forth in Appendix A to Schedules 7, 8 and 9 of Idaho Power's OATT (collectively, Attachment H and schedules, the "Formula Rate"). In 2009, the Commission established the appropriate method for incorporating the demand associated with the Legacy Agreements into the Formula Rate divisor (the "2009 Order").<sup>3</sup> In 2015, those Legacy Agreements will be cancelled as part of a transaction approved by the Commission.<sup>4</sup> Specifically, the Legacy Agreements will be cancelled upon the closing of the transaction,<sup>5</sup> and PacifiCorp's new LTF PTP transmission service reservations will replace, in part, the transmission services previously provided under the Legacy Agreements.<sup>6</sup>

In its order approving the transaction, the Commission directed Idaho Power to "make any appropriate filings under Section 205 of the FPA, as necessary, to implement the Proposed Transaction."<sup>7</sup> This filing is intended to comply with such directive and to ensure that the inputs to the Formula Rate produce rates that are just and reasonable and reflect the principle that costs are recovered from those who use Idaho Power's facilities and cause those costs to be incurred.<sup>8</sup>

Idaho Power therefore proposes to recognize the net effect of the cancelled Legacy Agreements and the new LTF PTP transmission service reservations as a 1,526 MW reduction in the demand portion of the Formula Rate divisor. Specifically, Idaho Power proposes that the demand associated with the cancelled Legacy Agreements be removed from the variable "E" in the equations used to determine Idaho Power's transmission service rates so that the average of

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<sup>3</sup> *Idaho Power Co.*, 126 FERC ¶ 61,044 at P 12 (2009) ("[W]e find that the appropriate method for incorporating PacifiCorp's demand associated with the Legacy Agreements into the OATT formula rates is to include PacifiCorp's long-term firm contract demands under the Legacy Agreements in the divisor of the formula, and not merely the monthly coincident peak usages . . .") (the "2009 Order"), *order on reh'g denied*, 137 FERC ¶ 61,235 at PP 103-107 (2011) ("[T]he appropriate measure of demand is the Legacy Agreements' contract demand amounts.").

<sup>4</sup> *Idaho Power Co., PacifiCorp*, 151 FERC ¶ 61,233 (2015) (order authorizing the acquisition and disposition of jurisdictional facilities under Section 203 of the FPA) (the "Section 203 Order").

<sup>5</sup> *See Idaho Power Co., PacifiCorp*, 151 FERC ¶ 61,234 at PP 19-21 (2015) (accepting proposed agreements and notices of cancellation of the Legacy Agreements under Section 205 of the FPA) (the "Section 205 Order").

<sup>6</sup> *See Idaho Power Co.*, Letter Order, Docket No. ER15-1133-000 (April 23, 2015) (letter order accepting a 60 MW non-confirming long-term firm point-to-point transmission service agreement with PacifiCorp, effective May 1, 2015, subject to the outcome of Docket No. EC15-54-000); *Idaho Power Co.*, Letter Order, Docket No. ER15-1595-000 (June 30, 2015) (letter order accepting 241 MW and 9 MW non-confirming long-term firm point-to-point transmission service agreements with PacifiCorp, effective July 1, 2015 or the date of closing of the asset exchange, whichever is later).

<sup>7</sup> Section 203 Order at 27 (directing the applicants to "make any appropriate filings under Section 205 of the FPA, as necessary, to implement the Proposed Transaction").

<sup>8</sup> 2009 Order at P 212 ("We have held consistently that transmission service rates must reflect the costs actually caused by the customers who must pay them.").

Idaho Power's twelve monthly Transmission System loads for that input is zero megawatts. Additionally, Idaho Power proposes that the demand associated with the LTF PTP transmission service reservations shall be included in the calculation of the variable "E" so that the average of Idaho Power's twelve monthly Transmission System loads for those inputs is 310 megawatts. As described in more detail below, Idaho Power noted the cancellation of the Legacy Agreements and the LTF PTP transmission service in its 2014 FERC Form 1 and followed the procedures set forth in its Formula Rate to update the inputs used to calculate the transmission rates that will go into effect on October 1, 2015.

In response to customer comments, Idaho Power seeks the Commission verifications or authorizations described above to recognize the cancelled Legacy Agreements and addition of the LTF PTP transmission service in the demand inputs to its Formula Rate. Idaho Power requests that its transmission rates reflective of these changes become effective the later of October 1, 2015 or the first day of the month following the close of the transaction.

## **I. BACKGROUND**

### **A. DESCRIPTION OF IDAHO POWER COMPANY**

Idaho Power, an Idaho corporation, is a vertically integrated electric utility engaged in the business of generating, purchasing, transmitting, and distributing electrical energy. Idaho Power is a wholly-owned subsidiary of IDACORP, Inc. Idaho Power uses an interconnected grid to provide wholesale and retail electric service throughout approximately 24,000 square miles of service territory in southern Idaho and eastern Oregon. Idaho Power operates a Western Electricity Coordinating Council ("WECC") designated balancing authority area ("BAA") and provides transmission service under its OATT. Idaho Power buys and sells electricity on the wholesale market with public and private utilities, energy marketing companies and incorporated municipalities in connection with excess electricity generation or other system balancing activities.

### **B. DESCRIPTION OF TRANSACTION**

On December 19, 2014, Idaho Power and PacifiCorp sought Commission authorization pursuant to Section 203 of the FPA to exchange assets and reallocate ownership interests and operational responsibilities between Idaho Power and PacifiCorp for certain transmission facilities in Idaho, Oregon, Washington, and Wyoming<sup>9</sup> in order to better align asset ownership with the parties' respective load service obligations and to improve operational efficiency (the "Transaction").<sup>10</sup> On the same day, Idaho Power and PacifiCorp also sought Commission approval pursuant to Section 205 of the FPA of certain agreements including a Termination

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<sup>2</sup> The transmission facilities involved in the Transaction are listed in FERC's order authorizing the Transaction under Section 203 of the FPA, *see* Section 203 Order at PP 18-20, and Exhibit A to the Joint Purchase and Sale Agreement executed between Idaho Power and PacifiCorp on October 24, 2014 (the "JPSA") filed in Docket No. EC15-54-000.

<sup>10</sup> *Idaho Power Co., PacifiCorp*, Joint Application for Authorization for Disposition of Jurisdictional Facilities, Docket No. EC15-54-000 (Dec. 19, 2014) ("Applicants' 203 Filing").

Agreement and associated notices of cancellation of the Legacy Agreements<sup>11</sup> between Idaho Power and PacifiCorp, which pre-dated Order No. 888 and required Idaho Power to provide various long-term transmission services to PacifiCorp.<sup>12</sup>

On June 17, 2015, the Commission authorized the exchange of electric transmission assets (“Section 203 Order”)<sup>13</sup> and accepted the proposed agreements and notices of cancellation to terminate the Legacy Agreements between Idaho Power and PacifiCorp (“Section 205 Order”).<sup>14</sup> As of the date of this filing, the public utility commissions in Idaho and Oregon have also approved the Transaction and regulatory requirements in Utah have been met.<sup>15</sup> Idaho Power anticipates that the Transaction will close prior to October 1, 2015.

The Transaction also requires PacifiCorp to purchase 310 MW of LTF PTP transmission service from Idaho Power to replace, in part, the transmission service provided under the cancelled Legacy Agreements. Idaho Power and PacifiCorp entered into three LTF PTP transmission service agreements totaling 310 MWs that will be effective upon closing. On April 23, 2015 and June 30, 2015, the Commission approved the LTF PTP service agreements.<sup>16</sup>

### **C. DESCRIPTION OF IDAHO POWER’S FORMULA RATE AND THE HISTORICAL MECHANISM FOR ACCOUNTING FOR THE LEGACY AGREEMENTS IN THE FORMULA RATE**

The formulaic methodology Idaho Power utilizes to determine its annual Total Transmission Revenue Requirement is set forth in Attachment H of Idaho Power’s OATT with the equations that establish the billing determinants and resulting rates for transmission service set forth in Appendix A to Schedules 7, 8 and 9 of Idaho Power’s OATT (as defined above,

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<sup>11</sup> The ownership and operation of transmission facilities jointly owned by Idaho Power and PacifiCorp has historically been governed under numerous Legacy Agreements which are, in some cases, over 40 years old. A complete list of the Legacy Agreements that will be terminated, amended, or consolidated upon closing of the Transaction are identified in the Applicants’ 203 Filing and in Schedules 1.1(g) and 1.1(h) to the JPSA executed between Idaho Power and PacifiCorp on October 24, 2014, which was filed in Docket No. EC15-54-000.

<sup>12</sup> *PacifiCorp*, Joint Filing of Joint Ownership and Operating Agreement; Termination Agreement; Amended and Restated Agreement for the Ownership of the Jim Bridger Project; and Amended and Restated Agreement for the Operation of the Jim Bridger Project, Docket No. ER15-680-000 (Dec. 19, 2014); *Idaho Power Co.*, Joint Filing of Joint Ownership and Operating Agreement; Termination Agreement; Amended and Restated Agreement for the Ownership of the Jim Bridger Project; and Amended and Restated Agreement for the Operation of the Jim Bridger Project, Docket No. ER15-683-000 (Dec. 19, 2014) (collectively “Applicants’ 205 Filing”).

<sup>13</sup> See Section 203 Order at P1.

<sup>14</sup> See Section 205 Order at PP 19-21.

<sup>15</sup> *In re the Application of PacifiCorp dba Rocky Mountain Power and Idaho Power Co. for an Order Authorizing the Exchange of Certain Transmission Assets*, Docket Nos. IPC-E-14-41 and PAC- E-14-11, Order No. 33313 (Idaho Pub. Util. Comm. June 5, 2015); *In re PacifiCorp dba Pacific Power and Idaho Power Company’s Request for Approval to Exchange Certain Transmission Assets*, Docket No. UP 315, Order No. 15-184 (Pub. Util. Comm. of Oregon June 9, 2015).

<sup>16</sup> See *supra* note 6.

collectively, the “Formula Rate”).<sup>17</sup> The annual Total Transmission Revenue Requirement determination is based upon a historic period rather than a forecast, meaning that costs are based upon the prior calendar year’s actual costs.<sup>18</sup> Pursuant to Attachment H, by June 1<sup>st</sup> of each year or as soon as practical thereafter, Idaho Power posts a draft Informational Filing on OASIS with updated inputs to the formula and holds an open meeting to explain and clarify the draft Informational Filing.<sup>19</sup> Transmission customers may submit requests for information and comment on the draft Informational Filing.<sup>20</sup> Within 90 days after posting the draft Informational Filing, Idaho Power posts to OASIS and submits to FERC the Informational Filing, including any modifications made after the draft Informational Filing.<sup>21</sup> Updated rates then go into effect on October 1 of each year.<sup>22</sup>

In 2009, the Commission determined the mechanism by which Idaho Power’s Formula Rate should account for the demand associated with the Legacy Agreements.<sup>23</sup> In the 2009 Order, the Commission found that the demand associated with the Legacy Agreements should be included as a part of Idaho Power’s total firm load, *i.e.*, cost-allocated in the divisor of the Formula Rate, rather than crediting the revenue that Idaho Power receives from PacifiCorp under the Legacy Agreements against Idaho Power’s annual Total Transmission Revenue Requirement.<sup>24</sup> The Commission also found that the full contracted-for demand under the Legacy Agreements should be used as the appropriate measure of the load under the Legacy Agreements, rather than the historical 12 coincident peak demands for the Legacy Agreements.<sup>25</sup> Accordingly, FERC directed Idaho Power to include all contracted-for demands associated with the Legacy Agreements (“Contract Demand”) in the divisor of the Formula Rate calculation instead of the actual historical demand usage data.<sup>26</sup> In compliance with this directive, the

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<sup>17</sup> See Order Accepting and Suspending Tariff Sheets Subject to Refund and Conditions and Establishing Hearing and Settlement Judge Procedures, 115 FERC ¶ 61,281 (2006).

<sup>18</sup> Idaho Power Transmittal Letter, Docket No. ER06-787-000, at 3 (March 24, 2006) (“The proposed formula calculates Idaho Power’s prior year costs . . . . The formula uses actual Form 1 data and records and produces a transmission revenue requirement that includes return and income taxes based on a year-end rate base . . . . The rates would change each June 1, based on the prior year’s costs . . . .”); Idaho Power OATT, Attachment H, §1.0 (“The Total Transmission Revenue Requirement will be an annual formula rate calculation, and will be based on the previous calendar year’s FERC Form 1 data and the Transmission Provider’s books and records where greater detail is required.”).

<sup>19</sup> Idaho Power OATT, Attachment H, §§ 1.1.1-1.1.3.

<sup>20</sup> *Id.* at § 1.1.3.

<sup>21</sup> *Id.* at § 1.1.4.

<sup>22</sup> *Id.* at § 1.0.

<sup>23</sup> See 2009 Order at P 12 (determining how the Legacy Agreements should be accounted for in Idaho Power’s Formula Rate).

<sup>24</sup> *Id.* at PP 1, 12.

<sup>25</sup> *Id.* at PP 12, 217.

<sup>26</sup> *Id.* at P 12 (“[W]e find that the appropriate method for incorporating PacifiCorp’s demand associated with the Legacy Agreements into the OATT formula rates is to include PacifiCorp’s long-term firm contract demands under the Legacy Agreements in the divisor of the formula, and not merely the monthly coincident peak usages . . . .”); see

Contract Demand, which is an input to variable “E” in the Formula Rate,<sup>27</sup> has been included in the load divisor as determined by the Contract Demand of the Legacy Agreements. They are thus treated differently than costs and other inputs to the Formula Rate variables, which are updated based on actual data reported in the FERC Form 1 and Idaho Power’s books and records.

## II. REQUEST FOR VERIFICATION

### A. IDAHO POWER’S PROPOSED INPUTS TO THE DIVISOR OF THE FORMULA RATE

#### 1. Cancellation of the Legacy Agreements

In its Section 205 Order, the Commission approved the termination of the Legacy Agreements upon closing of the Transaction. Because the Legacy Agreements will terminate at closing and the Contract Demand associated with the Legacy Agreements will no longer exist at that time, the impacts on the Formula Rate are known and measurable. As discussed above, in response to the Commission’s 2009 Order, the Contract Demand associated with the Legacy Agreements has been included as an input to the divisor of the Formula Rate.<sup>28</sup> Specifically, the Contract Demand associated with the Legacy Agreements is included as an input to variable “E” of Appendix A to Schedules 7, 8, and 9 of Idaho Power’s OATT, along with other inputs (an average of the 12 coincident peak metered load of Idaho Power’s native load and network customers and the long-term firm reservations of point-to-point customers). Accordingly, when the Transaction closes, Idaho Power believes that the input for the Contract Demand must be set to zero megawatts to reflect the terminated Legacy Agreements so that the resulting rate reflects the actual contracted demands upon Idaho Power’s transmission system.

Opponents of Idaho Power’s proposal could argue that, instead of updating the inputs to the demand portion of the Formula Rate to reflect the termination of the Legacy Agreements as of the closing date of the Transaction, Idaho Power should not fully update these inputs to reflect the termination of the Legacy Agreements until the 2017-2018 rate year. Under this interpretation, opponents of Idaho Power’s proposal could argue that the Formula Rate should be

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*also Idaho Power Co.*,137 FERC ¶ 61,235 at PP 103-107 (“[T]he appropriate measure of demand is the Legacy Agreements’ contract demand amounts.”).

<sup>27</sup> *E.g.*, Schedule 7, Appendix A of Idaho Power’s OATT, which specifies the Formula Rate for Long-Term Firm and Short-Term Firm Point-To-Point Transmission Service, reads in relevant part as follows: “The Transmission Provider’s Formula Rate for Firm Point-To-Point Transmission Service (“Formula Rate”) is an annual rate determined from the following formula:

$$\text{Formula Rate}_i = (A_n - B_n) / (E_n + \text{CBM}_n)$$

Where: . . .

- $n$  equals the calendar year preceding the Service Year that commences immediately after such calendar year (e.g. for the October 1, 2007 – September 30, 2008 Service Year (“i”),  $n$  shall be calendar year 2006). . . .
- **E** is the average of the Transmission Provider’s twelve monthly Transmission System loads (expressed in kilowatts) as defined in Section 34.3 of the Tariff.”

<sup>28</sup> 2009 Order at P 12.

read to require that the Contract Demand must remain at 1836 MW for the 2015-2016 rate year, because the value for the Contract Demand for each of the 12 months in the 2014 calendar year was 1,836 MW. Applying this method for the 2016-2017 rate year (and assuming that the Legacy Agreements are not terminated until October 2015), the value for the Contract Demand would be the weighted average of 1,836 MW for the first 9 months of calendar year 2015 and 0 MW for the last three months of the 2015 calendar year. This would result in a Contract Demand amount of 1,377 MW for the Legacy Agreements for the 2016-2017 rate year. It would not be until the 2017-2018 rate year that the Contract Demand associated with the Legacy Agreements is completely eliminated from the load divisor.

The above interpretation results in a non-zero amount of Contract Demand as the input for the terminated Legacy Agreements for two full additional rate years after the Legacy Agreements are actually terminated. Since Idaho Power is neither offering service nor receiving revenue under the Legacy Agreements during the 2015-2016 and 2016-2017 rate years, Idaho Power asserts that it would be nonsensical and inconsistent with the Commission's cost allocation principles to require this "ghost" demand from the Legacy Agreements to dilute Idaho Power's cost recovery from the actual users of Idaho Power's system during those rate years. This degree of lag is unreasonable and would unjustly prevent Idaho Power from recovering its full costs of service, while allowing the wholesale users of its system to pay less than their fair share. Such a result would also be inconsistent with the Commission's 2009 Order, which required Idaho Power to recover its costs from those actually obtaining service from Idaho Power in proportion to their actual usage or contractual rights, in accordance with the cost-causation principle.

## **2. Recognition of 310 MW of LTF PTP**

As part of the Transaction, PacifiCorp intends to move its transmission service from the Legacy Agreements to OATT service. Accordingly, PacifiCorp has purchased 310 MW of LTF PTP transmission service from Idaho Power that becomes effective upon closing of the Transaction that is intended, in part, to replace the transmission services PacifiCorp purchased under the cancelled Legacy Agreements.<sup>29</sup> Upon closing, the demand associated with these LTF PTP transmission sales should be immediately and fully reflected in the inputs to the demand portion of the Formula Rate; specifically, again as an input to variable "E" of Appendix A to Schedules 7, 8 and 9 of Idaho Power's OATT. Otherwise, the Formula Rate will not reflect the actual demands upon Idaho Power's transmission system.

As discussed above in the context of the cancelled Legacy Agreements, opponents of Idaho Power's proposal could argue for an interpretation of the Formula Rate that would result in significant and unreasonable lag in terms of removing the Contract Demand associated with the Legacy Agreements from the load divisor. Under this interpretation, there would be significant and unreasonable lag in *adding* the demand associated with PacifiCorp's 310 MW of LTF PTP transmission service to the load divisor. Accordingly, for the 2015-2016 rate year, the value of the demand associated with the 310 MW LTF PTP transmission service would be zero megawatts, because the service was not in effect during the 2014 calendar year. Applying this

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<sup>29</sup> See *supra* note 6.

method for the 2016-2017 rate year (and assuming that the Legacy Agreements are not terminated until October 2015), the value for the demand associated with the 310 MW LTF PTP transmission service would be the weighted average of 0 MW for the first 9 months of calendar year 2015 and 310 MW for the last three months of the 2015 calendar year. This would result in a demand amount of 77.5 MW for PacifiCorp's 310 MW LTF PTP transmission service for the 2016-2017 rate year. It would not be until the 2017-2018 rate year that the demand associated with the 310 MW LTF PTP transmission service is completely included in the load divisor. Again, such a result would be inconsistent with the Commission's 2009 Order, which required Idaho Power to recover its costs from those actually obtaining service from Idaho Power in proportion to their actual usage or contractual rights, in accordance with the cost-causation principle.

**3. Idaho Power followed the required processes to reflect the cancelled Legacy Agreements and to add the LTF PTP transmission service as inputs into the Formula Rate that produces the rates that will go into effect on October 1, 2015 but Commission verification of such conclusion is requested.**

In order to put transmission customers on notice of upcoming changes associated with the Transaction, Idaho Power noted the impacts of the Transaction in its 2014 FERC Form 1 and in its draft Informational Filing posted on June 1, 2015.<sup>30</sup> On page 400 of its 2014 FERC Form 1 and Schedule 5 of its draft Informational Filing, Idaho Power stated that when closing of the Transaction occurred, it would result in the "elimination of the Legacy Agreements."<sup>31</sup> The note further explained that this would result in the elimination of 1,836 MW of Contract Demand associated with the Legacy Agreements.<sup>32</sup> A similar note on the same schedule explains that "PacifiCorp has entered into three new LT Firm PTP reservations that are effective upon elimination of the Legacy Agreements."<sup>33</sup> Schedule 5's work paper contains a note that further explains that "when closing occurs, [it will] result in the elimination of the Legacy Agreements included in Monthly Peak MW Totals on Form 1, p400(b). Upon elimination of the Legacy Agreements, three new LT Firm PTP reservations of PacifiCorp's will become effective."<sup>34</sup>

Accordingly, Idaho Power eliminated the demand associated with the Legacy Agreements and added the demand from the LTF PTP transmission service in its proposed updates to the demand portion of the Formula Rate in its draft Informational Filing posted to OASIS on June 1, 2015. Consistent with Attachment H of its OATT, Idaho Power held an open

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<sup>30</sup> Idaho Power, Draft Informational Filing for the Effective Open Access Transmission Tariff ("OATT") Rate for the Period October 1, 2015, through September 30, 2016 (June 1, 2015), available at [http://www.oatioasis.com/IPCO/IPCODOCS/2015-06\\_Draft\\_Informational\\_Filing\\_for\\_OATT.pdf](http://www.oatioasis.com/IPCO/IPCODOCS/2015-06_Draft_Informational_Filing_for_OATT.pdf) (hereinafter "Draft Informational Filing"); see also Idaho Power, Transmission Rate Spreadsheet, available at [http://www.oatioasis.com/IPCO/IPCODOCS/DRAFT\\_Transmission\\_Rate\\_October\\_1\\_2015-Sept\\_30\\_2016\\_Draft\\_Informational\\_Posting.xlsx](http://www.oatioasis.com/IPCO/IPCODOCS/DRAFT_Transmission_Rate_October_1_2015-Sept_30_2016_Draft_Informational_Posting.xlsx).

<sup>31</sup> Draft Informational Filing at Schedule 5, note 2.

<sup>32</sup> *Id.*

<sup>33</sup> *Id.* at Schedule 5, note 3.

<sup>34</sup> *Id.* at Schedule 5 Workpaper, note 1.

public meeting on June 17, 2015 to discuss the draft Informational Filing. Two of Idaho Power's transmission customers expressed concern regarding the proposed updates to the Formula Rate during the open public meeting.<sup>35</sup>

In order to allow for Commission review and customer input of the manner and timing of the reflection of the closing of the Transaction in Idaho Power's transmission Formula Rate, on July 23, 2015, Idaho Power posted a revised draft Informational Filing that reinserted 1,836 MW of demand associated with the Legacy Agreements into the divisor of the Formula Rate and removed the 310 MW of new PacifiCorp LTF PTP transmission service reservations during the pendency of the Commission's review.<sup>36</sup>

Idaho Power's final Informational Filing will be posted on or about September 1, 2015, and will be based upon the July 23, 2015 revised, draft Informational Filing, pending the Commission's verification that Idaho Power's June 1, 2015 draft Information Filing correctly reflected the closing of the Transaction.

**B. UNLESS THE CANCELLATION OF THE LEGACY AGREEMENTS AND ADDITION OF THE LTF PTP TRANSMISSION SERVICE IS REFLECTED IN THE INPUTS TO THE FORMULA RATE UPON THE CLOSING OF THE TRANSACTION, THE TRANSMISSION RATES PRODUCED BY THE FORMULA RATE WILL NOT RECOVER COSTS FROM THOSE CAUSING THE COSTS TO BE INCURRED.**

In compliance with FERC's 2009 Order, the Contract Demand associated with the Legacy Agreements is included as an input to the load divisor of Idaho Power's Formula Rate along with an average of the 12 coincident peak metered load of Idaho Power's native load and network customers and the long-term firm reservations of point-to-point customers. The computation of Idaho Power's Formula Rate can be illustrated as follows:

Transmission Revenue Requirement

Total Firm Load + Legacy Agreement Contract Demands

These inputs and the resulting Formula Rate are the basis for the rates Idaho Power charges its wholesale transmission customers.

For retail revenue requirement determinations, revenues from third parties received through the OATT are recorded in FERC Account 456 – Other Electric Revenues. In effect,

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<sup>35</sup> The Bonneville Power Administration ("BPA"), an Idaho Power transmission customer, submitted 22 data requests in advance of the June 17, 2015 open meeting and voiced concerns about the timing of Idaho Power's proposed updates to its Formula Rate. Idaho Power understands BPA's position to be that demands should be treated as costs and no inputs should be updated until 2016 to reflect 2015 actuals. The impact being the absurd results illustrated in Section II.A. above where transmission customers pay less than their fair share of costs of providing the service.

<sup>36</sup> Idaho Power, Draft Informational Filing for the Effective Open Access Transmission Tariff ("OATT") Rate for the Period October 1, 2015, through September 30, 2016 (July 23, 2015), available at [http://www.oatioasis.com/IPCO/IPCOdocs/DRAFT\\_Transmission\\_Rate\\_October\\_1\\_2015-Sept\\_30\\_2016\\_Draft\\_Informational\\_Posting\\_REVISED.pdf](http://www.oatioasis.com/IPCO/IPCOdocs/DRAFT_Transmission_Rate_October_1_2015-Sept_30_2016_Draft_Informational_Posting_REVISED.pdf); see also Idaho Power, Transmission Rate Spreadsheet, available at [http://www.oasis.oati.com/IPCO/IPCOdocs/REVISED\\_Transmission\\_Rate\\_Spreadsheet\\_2015-06-01.xlsx](http://www.oasis.oati.com/IPCO/IPCOdocs/REVISED_Transmission_Rate_Spreadsheet_2015-06-01.xlsx).

these revenues are a direct offset via a “revenue credit” to Idaho Power’s overall retail revenue requirement and are established in a general rate case. Idaho Power’s current retail rates are based on a 2011 test year and include a “revenue credit” based on an OATT rate of \$XX.XX/kW-year. In 2014, Idaho Power received revenues from the Legacy Agreements that will be terminated upon closing of the Transaction totaling approximately \$7.65 million. These revenues are recorded in FERC Account 454 – Rents from Electric Property and not included in the Formula Rate computation.

With Commission approval and termination of the Legacy Agreements upon closing of the Transaction, the Contract Demands associated with the Legacy Agreements in Idaho Power’s transmission Formula Rate will be set to zero megawatts. The computation of Idaho Power’s Formula Rate upon closing can be illustrated as follows:

Transmission Revenue Requirement  
Total Firm Load

Because revenues received from the Legacy Agreements are not subject to the OATT, termination of the Legacy Agreements will not change Idaho Power’s annual Total Transmission Revenue Requirement. As described above, termination of the Legacy Agreements will however reduce the load divisor by 1,526 MW (1,836 MW of Legacy Agreement Contract Demand will terminate and 310 MW of LTF PTP transmission service will commence), thereby increasing transmission rates produced by the application of Idaho Power’s Formula Rate. Exhibit 1 illustrates the impact the Transaction will have on Idaho Power’s rates using Idaho Power’s annual Total Transmission Revenue Requirement and load divisor included in the revised draft Informational Filing posted on July 23, 2015.

As can be seen in Exhibit 1, termination of the Legacy Agreements results in an increase in Idaho Power’s transmission rates of approximately 42%. Importantly, this change in transmission rates is not caused by a change to the Formula Rate, it is caused by a change to the Formula Rate’s inputs.

The revenues received under the Legacy Agreements were based on pre-Order No. 888 discounted rates. The rates were reflective of the fact that services provided for under the Legacy Agreements included significant non-monetary compensation and related transmission benefits. Nevertheless, by including the Contract Demand in the load divisor of Idaho Power’s Formula Rate, Idaho Power wholesale revenues are reduced. Wholesale revenues are carried forward into Idaho Power’s retail revenue requirement and effect retail customer rates. Lower wholesale revenues decrease the “revenue credit” applied to Idaho Power’s overall retail revenue requirement, thereby increasing retail customer rates. Said another way, Idaho Power’s retail customer rates are currently increased as a result of the manner in which the Legacy Agreements are accounted for in the Formula Rate.

Upon closing of the Transaction, Idaho Power will not offer service nor receive revenue under the Legacy Agreements. Approximately \$7.65 million of FERC Account 454 revenues will cease and will be replaced with 310 MW of LTF PTP transmission service. As explained above, absent an update to the inputs to the demand portion of the Formula Rate to reflect the termination of the Legacy Agreements as of the closing date of the Transaction, it would not be until the 2017-2018 rate year that the Contract Demand associated with the Legacy Agreements

is completely eliminated from the load divisor. Idaho Power's cost recovery from the actual wholesale users of its system would be diluted further, preventing Idaho Power from recovering its full costs of wholesale service, while allowing the wholesale users of its system to pay less than their fair share. Exhibit 2 illustrates the lag that would result and unjustly prevent Idaho Power from recovering its full costs of wholesale service. It was prepared using the Total Transmission Revenue Requirement and load divisor inputs included in the revised draft Informational Filing posted on July 23, 2015. Adjusting the Contract Demand associated with the Legacy Agreements upon closing would ensure that the inputs to the Formula Rate produce the wholesale rates that reflect the principle that costs are recovered from those who use Idaho Power's facilities and cause those costs to be incurred.

### **III. ALTERNATIVE, REQUESTS FOR AUTHORIZATION**

#### **A. ONE-TIME ADJUSTMENT OF DISCRETE INPUTS TO THE DEMAND PORTION OF IDAHO POWER'S FORMULA RATE TO REFLECT ACTUAL CONTRACT DEMAND UPON CLOSING OF THE TRANSACTION**

In the event that the Commission determines that Idaho Power does not have existing authority under its open access transmission tariff ("OATT") to reflect the cancellation of the Legacy Agreements and the recognition of the LTF PTP transmission service upon closing of the transaction, Idaho Power requests that the Commission authorize Idaho Power to make a one-time adjustment of the inputs to the demand portion of its Formula Rate to reflect the termination of the Legacy Agreements and the LTF PTP transmission service.

Consistent with the 203 Order, Idaho Power seeks authorization from the Commission that it is appropriate for Idaho Power to adjust the Contract Demand associated with the cancelled Legacy Agreements and LTF PTP transmission service, effective the later of October 1, 2015 or the first day of the month following the close of the Transaction. As of the date of the closing, PacifiCorp will no longer be taking service under the Legacy Agreements and there will no longer be any actual demand associated with those agreements. In place of the Legacy Agreements, PacifiCorp will be taking 310 MW of LTF PTP transmission service under Idaho Power's OATT. Idaho Power seeks authorization from the Commission that the demand portion of the Formula Rate (variable "E" of Appendix A to Schedules 7, 8 and 9 of Idaho Power's OATT) may immediately and fully reflect the net of these changes such that the rate produced reflects the true level of demand on Idaho Power's system.

Idaho Power's proposed adjustments align with the Commission's past treatment of the Contract Demand associated with the Legacy Agreements. Unlike most of the inputs to the Formula Rate, the Contract Demand amounts under the Legacy Agreements are not based upon prior-year actual or forecast amounts, and they do not change regardless of how much service PacifiCorp actually uses. Instead, these Contract Demand amounts reflect only the long-term firm demand amount that is agreed to in the Legacy Agreements, notwithstanding PacifiCorp's actual use. As of the close of the Transaction, this agreed-to amount will be zero megawatts. Furthermore, Variable "E" does not specifically address how the Legacy Agreement Contract Demand should be accounted for in the Formula Rate. Rather, Idaho Power only began including

the Legacy Agreement Contact Demand in variable “E” in response to the Commission’s 2009 Order, which, as discussed below, was premised on principles of cost-causation.<sup>37</sup> It thus stands to reason that Idaho Power should be able to remove this Contract Demand from variable “E” once the Legacy Agreements are terminated in order to ensure that the resulting rates reflect cost-causation principles and are otherwise just and reasonable.

Indeed, it would be contrary to the Commission’s reasoning in the 2009 Order to continue to include these Contract Demand amounts in the demand portion of the Formula Rate after the Legacy Agreements are terminated. In the 2009 Order, the Commission found that the full Contract Demand associated with Idaho Power’s firm service responsibility to PacifiCorp under the Legacy Agreements must be included in the load divisor of the Formula Rate, because to do otherwise would shift the cost of providing PacifiCorp’s service to third-party customers under the OATT.<sup>38</sup> The Commission explained that unless this Contract Demand was included, other customers would pay more than their proportional share of Idaho Power’s costs.<sup>39</sup>

However, the opposite corollary also holds true: to continue to include the Legacy Agreements in the load divisor after they are terminated would allow third-party customers to pay less than their fair share of Idaho Power’s costs. Once Idaho Power ceases to provide service under the Legacy Agreements, those agreements will no longer be reflective of any service or load provided by Idaho Power to PacifiCorp and Idaho Power will no longer receive any revenues from the Legacy Agreements. To continue to include this Contract Demand in the load divisor after the closing date would thus result in the subsidization of third-party OATT customers by Idaho Power’s retail customers due to artificially low transmission service rates. It would also run contrary to well-settled principles of cost-causation, because these third-party OATT customers would be paying less than their proportionate share of Idaho Power’s annual Total Transmission Revenue Requirement based on their usage. For this reason, Idaho Power seeks authorization from the Commission that it may remove the Contract Demand associated with the Legacy Agreements from its load divisor on October 1, 2015 or the first day of the month following the close of the Transaction, whichever is later.

Idaho Power also seeks authorization to include PacifiCorp’s new 310 MW of LTF PTP transmission service in a like manner. Because PacifiCorp will be taking 310 MW of LTF PTP transmission service under the OATT in lieu of the cancelled Legacy Agreements, Idaho Power believes that it is necessary to include this demand in the load divisor. To do otherwise would also run contrary to the Commission’s directive in the 2009 Order, because it would result in other customers subsidizing PacifiCorp’s 310 MW of service. Accordingly, as of October 1, 2015 or the first day of the month following the close of the Transaction (whichever is later), Idaho Power seeks authorization to add PacifiCorp’s 310 MW of LTF PTP transmission service to the load divisor.

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<sup>37</sup> In 2006, when the Formula Rate was filed, FERC Form 1 did not contain loads associated with the Legacy Agreements. In response to the Commission’s 2009 Order, Idaho Power incorporated the Contract Demand, rather than PacifiCorp’s actual usage, into its FERC Form 1.

<sup>38</sup> 2009 Order at P 133.

<sup>39</sup> *Id.*

Idaho Power's proposed changes to the demand portion of the Formula Rate are just and reasonable, because using the accurate inputs in the demand portion of the Formula Rate will result in rates that reflect customers' actual share of Idaho Power's costs. Such a change is consistent with Commission precedent that transmission service rates should reflect the costs caused by the customers who must pay them.<sup>40</sup>

If the Commission does not grant the requested authorization, the Transaction will only begin to be reflected in Idaho Power's 2015 calendar year FERC Form 1 data, which will form the basis for the June 1, 2016 Formula Rate inputs that will be included in transmission service rates effective October 1, 2016. Idaho Power's FERC Form 1 will not reflect twelve calendar months of post-Transaction demand data until the calendar year 2016 FERC Form 1, which will be used to establish transmission service rates effective October 1, 2017. Absent the Commission's authorization as proposed herein, third-party customers under the OATT would pay less than their fair share of Idaho Power's costs for two rate years after the Legacy Agreements terminate.<sup>41</sup> Idaho Power believes that such a result runs contrary to the cost-causation principle and urges the Commission to confirm that Idaho Power's proposal to update the demand portion of its Formula Rate is just and reasonable and in conformance with the Commission's directive in the 2009 Order.

#### **IV. REQUESTED WAIVERS**

##### **A. SPECIFIC WAIVER REQUESTS**

In the event that the Commission determines that Idaho Power does not have existing authority under its OATT to make the proposed changes, Idaho Power requests that the Commission authorize Idaho Power to make a one-time adjustment to the inputs to the demand portion of its Formula Rate to reflect the termination of the Legacy Agreements and the addition of the LTF PTP transmission service, effective the later of October 1, 2015 or the first day of the month following the close of the Transaction. In order to make this adjustment, Idaho Power requests that the Commission grant the following limited waivers of certain provisions in Idaho Power's OATT.

First, to the extent necessary, Idaho Power requests a one-time, limited waiver of the OATT provisions that require inputs to the Formula Rate to be drawn from the prior calendar year's FERC Form 1 data.<sup>42</sup> As discussed above, Idaho Power seeks to immediately apply the

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<sup>40</sup> *Supra* note 8.

<sup>41</sup> Refer to Section II.A.

<sup>42</sup> These provisions include: (1) Section 1.0 of Attachment H of Idaho Power's OATT, which provides that "[t]he Total Transmission Revenue Requirement will be an annual formula rate calculation, and will be based on the previous calendar year's FERC Form 1 data and the Transmission Provider's books and records where greater detail is required[;]" and (2) Appendix A to Schedules 7, 8, and 9 of Idaho Power's OATT, specifically the portion of Appendix A that defines the term "n" as "the calendar year preceding the Service Year that commences immediately after such calendar year (e.g. for the October 1, 2007 – September 30, 2008 Service Year ("i"), n shall be calendar year 2006)."

reduction in Contract Demand associated with the Legacy Agreements, effective the later of October 1, 2015 or the first day of the month following the close of the Transaction.

Second, Idaho Power requests a one-time, limited waiver of the OATT provisions that may limit Idaho Power's ability to make a second Informational Filing that updates and revises the annual Informational Filing that Idaho Power must make on or about September 1, 2015. Section 1.1.1 of Idaho Power's OATT requires Idaho Power to post a draft Informational Filing on its OASIS "on or before June 1 of each year or as soon as practical thereafter," and Section 1.1.4 requires Idaho Power to post the final Informational Filing within 90 days following the posting date of the draft Informational filing, i.e., approximately September 1. If the Transaction closes and the Commission makes a determination prior to when Idaho Power makes its final Informational Filing, Idaho Power's final Informational Filing will be able to reflect the Commission's determination in this proceeding. However, if Idaho Power's request is still pending when Idaho Power must make its final Informational Filing on or about September 1, Idaho Power requests authorization to make a subsequent, revised Informational Filing modifying its September 1 Informational Filing to update the inputs to the demand portion of its Formula Rate if the Commission grants Idaho Power's request.<sup>43</sup> Idaho Power thus seeks waiver of the timing requirements in Sections 1.1.1 and 1.1.4 of Attachment H, as well as any other provisions of Section 1.1 of Attachment H that might be implicitly construed to prevent Idaho Power from making a second, revised Informational Filing.<sup>44</sup> This revised Informational Filing will only differ from the original in that it will modify two discrete inputs to the demand portion of the Formula Rate, which will result in a net reduction in demand portion in the Formula Rate divisor of 1,526 MW (reflecting the elimination of the 1836 MW associated with the terminated Legacy Agreements and the addition of the 310 MW of new PacifiCorp LTF PTP transmission

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<sup>43</sup> As discussed above, although Idaho Power's June 1, 2015 draft Informational Filing included the proposed changes reflecting termination of the Legacy Agreements, Idaho Power posted a revised draft Informational Filing that removed the proposed changes on July 23, 2015. Idaho Power made the revised filing in order to allow for Commission review and customer input in this docket in determining the appropriateness of updating these discrete inputs to its Formula Rate.

<sup>44</sup> In the alternative to its request to file a revised Informational Filing, Idaho Power requests a waiver of Section 1.1.4 of Attachment H of its OATT in order to seek an extension of the 90-day deadline for posting its final Informational Filing. *See* Idaho Power OATT, Attachment H, § 1.1.4. Specifically, Idaho Power seeks a limited extension of the 90-day deadline until after the Commission makes its determination in this proceeding, so that Idaho Power may include the revised inputs to the demand portion of the Formula Rate in the final Informational Filing, if the Commission grants Idaho Power's request. The Commission has granted limited waivers to extend the deadlines for annual Informational Filings in multiple cases where the transmission owner does not yet have complete data to complete its annual update or is awaiting a Commission determination in a proceeding pertinent to the annual update. *See National Grid USA*, 147 FERC ¶ 61,188 (2014) (granting extension of deadline to file annual informational filing because the prior year's FERC Form 1 would not be completed in time to provide the necessary inputs for the annual update); *Niagara Mohawk Power Corp.*, 143 FERC ¶ 61,183 (2013) (same); *Southwest Power Pool, Inc. Tri-Cnty. Elec. Coop., Inc.*, 145 FERC ¶ 61,115 (2013) (granting limited waiver for extension of time to file annual update pending Commission decision on issues pertinent to the formula rate update). As in other cases in which the Commission has granted such extensions, Idaho Power's requested extension is a one-time extension of limited temporal scope that solves a concrete timing problem associated with completing its annual update and does not result in any undesirable consequences.

service). All other inputs to the Formula Rate will remain the same. The rates reflected in the informational file will go into effect the first day of the following month.

## **B. ANALYSIS OF WAIVER AUTHORITY**

The Commission has previously granted one-time limited waivers of tariff provisions where: “(1) the waiver is of limited scope; (2) a concrete problem needed to be remedied; and (3) the waiver did not have undesirable consequences, such as harming third parties.”<sup>45</sup> Idaho Power’s waiver request meets all three of these criteria, and good cause exists to grant Idaho Power’s one-time, limited waiver request for the reasons discussed below.

First, Idaho Power’s waiver request is of limited scope because it seeks to make a one-time adjustment to two discrete inputs to the demand portion of the Formula Rate for only a limited period of time. After one year and nine months, the Formula Rate will reflect this adjustment regardless, and Idaho Power seeks this waiver to ensure that its rates are just and reasonable during this interim period. Furthermore, Idaho Power’s request to file a revised Informational Filing to reflect the Commission’s decision in this proceeding is also limited in scope, because it will only apply to Idaho Power’s 2015 annual update and will not apply to annual updates for subsequent rate years.<sup>46</sup> Lastly, Idaho Power’s request arises from a limited and unique situation that will not arise again in the future and is the product of Idaho Power’s and PacifiCorp’s transition from the pre-Order No. 888 Legacy Agreements to OATT service. Once these Legacy Agreements are terminated, any new service provided to PacifiCorp will be under Idaho Power’s OATT.

Second, Idaho Power’s request addresses a concrete problem that needs to be remedied. If Idaho Power is not able to make this adjustment to the demand portion of the Formula Rate, the “ghost” demand from the Legacy Agreements will unjustly prevent Idaho Power from recovering its full costs of service, while allowing the users of its system to pay less than their fair share for two rate years. To continue to include the Contract Demand in the load divisor after the Legacy Agreements are terminated would thus result in the subsidization of third-party OATT customers by Idaho Power and its retail customers due to artificially low transmission service rates. Such a result would be inconsistent with the Commission’s 2009 Order, which required Idaho Power to recover its costs from those actually obtaining service from Idaho Power in proportion to their use, in accordance with the cost-causation principle.

Third, Idaho Power’s limited waiver request will not result in undesirable consequences. Although some third-party OATT customers may argue that Idaho Power’s request will have undesirable consequences in that it will increase the rate they must pay for service, this argument must be evaluated in light of the cost-causation principle and the Commission’s 2009 Order. While it is true that these third-party OATT customers may need to pay a higher rate for Idaho

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<sup>45</sup> *Southwest Power Pool, Inc.*, 151 FERC ¶ 61,122 at P 12 (2015).

<sup>46</sup> *See National Grid USA*, 147 FERC ¶ 61,188 (2014) (We also find that Niagara Mohawk’s request is limited in scope in that the waiver would apply only to the 2014 Annual Update and would be inapplicable to subsequent years.).

Power's service once the Legacy Agreements are terminated, this increase should not be viewed as an undesirable consequence because it appropriately reflects the cost-causation principle. If the Commission authorizes Idaho Power to make this limited, one-time adjustment, it will ensure that third-party OATT customers are paying for service in proportion to their actual usage and will remedy a situation in which these customers would otherwise be paying artificially low rates in comparison to their actual use. Idaho Power's requested adjustment does not impose any unfair costs on these customers and merely neutralizes an undeserved subsidy these customers would otherwise have received as a result of the termination of the Legacy Agreements. As discussed above, granting this waiver request will only ensure that these third-party OATT customers pay their fair share, no more, no less. Requiring these customers to pay their proportionate share, in accordance with cost causation principles, is entirely appropriate and should not be viewed as either an undesirable consequence or a legally cognizable harm.<sup>47</sup>

Accordingly, Idaho Power urges the Commission to grant Idaho Power's limited waiver request, because good cause exists to grant these limited waivers and they are of limited scope, address a concrete problem that needs to be remedied, and will not have undesirable consequences. To the extent that any additional waivers are required in connection with this filing, Idaho Power respectfully requests that the Commission grant such waivers given the benefits of the proposed approach.

### **C. REQUEST FOR ANY OTHER NECESSARY WAIVERS**

In the event any waivers not otherwise requested are required in connection with this filing, Idaho Power respectfully requests that the Commission grant such waivers given the benefits of the proposed formula rate approach.

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<sup>47</sup> The Commission has granted limited waiver requests despite the fact that doing so will increase costs to some parties in situations where, as here, doing so would result in more accurate cost recovery. For instances, the Commission has found that "increased costs to load as a result of more accurate cost recovery calculations do not amount to a legally cognizable harm." *California Indep. Sys. Operator Corp.*, 146 FERC ¶ 61,218 (2014) at P 24 (granting limited waiver of OATT provisions even though the CAISO "acknowledge[d] that the waiver may result in increased costs borne by load serving entities, [because] increased costs to load as a result of more accurate cost recovery calculations do not amount to a legally cognizable harm."); *see also New York Indep. Sys. Operator, Inc.*, 146 FERC ¶ 61,061 at PP 13, 20 (2014) (granting limited waiver of OATT provisions despite argument that waiver would result in "harms [to] third parties—retail suppliers—who will bear a significant and unanticipated cost shift resulting from generators' non-market recovery of high spot market natural gas costs" and finding that limited waiver was appropriate despite "increased costs to load and increased cost to certain market participants"); *PJM Interconnection, LLC*, 146 FERC ¶ 61,078 at PP 21, 41 (2014) (granting limited waiver despite arguments that granting waiver "will result in wholesale and retail customers paying significantly more" than status quo and finding that "although granting waiver may result in temporary increases of costs to load, we find that it is appropriate to allow generators to reflect their actual energy production costs, even if above \$1,000/MWh, in market prices"). The purpose of Idaho Power's proposal in this proceeding is to ensure that its cost recovery accurately reflects customers' actual use of Idaho Power's system in accordance with the cost causation principle. Thus, even though Idaho Power's waiver may result in increased costs being borne by one subset of customers, these increased costs do not amount to a legally cognizable harm, and Idaho Power's requested waiver should be granted.

## V. CORRESPONDENCE AND COMMUNICATIONS

The following persons are authorized to receive notices and communications with respect to this filing:

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\*Idaho Power respectfully requests that the individuals identified above with an asterisk be placed on the Commission's official service list in this proceeding and be designated for service pursuant to Rule 2010.<sup>48</sup>

## VI. CONCLUSION

For the reasons set forth above, Idaho Power requests that the Commission verify or alternatively authorize Idaho Power's proposal to update limited inputs to the demand portion of its Formula Rate in order to reflect the effects of the Transaction. Idaho Power requests authorization to make these changes effective the later of October 1, 2015 or the first day of the month following the close of the Transaction.

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<sup>48</sup> 18 C.F.R. §§ 385.2010; 385.203(b)(3).

Respectfully submitted,

/s/ Malcolm McLellan

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**Idaho Power's Formula Rate Impact Absent Elimination of  
Legacy Agreement Contract Demands Upon Transaction Closing  
Exhibit 2**

	10/1/15 - 9/30/16 Rate Effective Year				10/1/16 - 9/30/17 Rate Effective Year				10/1/17 - 9/30/18 Rate Effective Year			
	Form 1 p400(b) less Legacy Agreements	Legacy Agreements	CBM	Total	Form 1 p400(b) less Legacy Agreements	Legacy Agreements / LTF PTP	CBM	Total	Form 1 p400(b) less Legacy Agreements	LTF PTP	CBM	Total
January	2955	1836	330	5121	2955	1836	330	5121	2955	310	330	3595
February	2873	1836	330	5039	2873	1836	330	5039	2873	310	330	3513
March	2541	1836	330	4707	2541	1836	330	4707	2541	310	330	3181
April	2345	1836	330	4511	2345	1836	330	4511	2345	310	330	2985
May	2982	1836	330	5148	2982	1836	330	5148	2982	310	330	3622
June	3660	1836	330	5826	3660	1836	330	5826	3660	310	330	4300
July	3980	1836	330	6146	3980	1836	330	6146	3980	310	330	4620
August	3493	1836	330	5659	3493	1836	330	5659	3493	310	330	4133
September	3143	1836	330	5309	3143	1836	330	5309	3143	310	330	3783
October	2339	1836	330	4505	2339	310	330	2979	2339	310	330	2979
November	2956	1836	330	5122	2956	310	330	3596	2956	310	330	3596
December	2866	1836	330	5032	2866	310	330	3506	2866	310	330	3506
12 CP (Rounded)	3011	1836	330	5177	3011	1455	330	4796	3011	310	330	3651
Formula Rate:		\$ 23.43	/kW-year			\$ 25.30	/kW-year			\$ 33.23	/kW-year	

(1) Formula Rate is calculated based on inputs from Idaho Power's Revised Draft Informational Filing posted on 7/23/15 including a total Transmission Revenue Requirement of

\$ 121,314,738

(2) The information contained in this exhibit does not reflect a forecast of OATT rates. Rather it illustrates the lag that would exist without the relief requested in the filing.