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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE PETITION OF)	
IDAHYDRO, SHOROCK HYDRO, INC.,)	CASE NO. IPC-E-18-07
J.R. SIMPLOT COMPANY, AND)	
RENEWABLE ENERGY COALITION FOR)	IDAHO POWER COMPANY'S
MODIFICATION OF THE 90/110)	RESPONSE TO RENEWABLE
PERFORMANCE BAND AND)	ENERGY COALITION'S FIRST
CALCULATION OF OPERATION AND)	REQUEST FOR PRODUCTION
MAINTENANCE CHARGES FOR PURPA)	
QUALIFYING FACILITIES)	
)	

COMES NOW, Idaho Power Company ("Idaho Power" or "Company"), and in response to Renewable Energy Coalition's First Request for Production to Idaho Power dated May 16, 2018, herewith submits the following information:

REQUEST FOR PRODUCTION NO. 1.1: Please provide copies of Idaho Power's responses to all other parties requests for production of documents. This is an ongoing request.

RESPONSE TO REQUEST FOR PRODUCTION NO. 1.1: Copies of Idaho Power Company's Answers and Responses to J.R. Simplot's First Interrogatories, Requests for Admission, and Requests for Production to Idaho Power Company and Idaho Power Company's Response to J.R. Simplot Company's Second Set of Requests for Production to Idaho Power Company were provided to Renewable Energy Coalition ("REC") and the other parties on May 16, 2018. As a matter of course, copies of Idaho Power's responses to discovery requests in this case will be provided to the parties of record.

The response to this Request is sponsored by Christa Beary, Legal Administrative Assistant, Idaho Power Company.

REQUEST FOR PRODUCTION NO. 1.2: Please provide the formula and all inputs that Idaho Power used to arrive at the percentages listed in Tables 1 and 2 of Idaho Power's Third Revised Sheet No. 72-17.

RESPONSE TO REQUEST FOR PRODUCTION NO. 1.2: The following describes the inputs and formula used to develop the percentages listed in Tables 1 and 2 of Idaho Power's Third Revised Sheet No. 72-17.

The Schedule 72 percentages were developed in two steps. First, the Company used 1989 actual operations and maintenance ("O&M") and capital amounts to calculate two rates, 0.4 percent for interconnections 138 kilovolts ("kV") and above and 0.7 percent for interconnections below 138 kV. In Order No. 24025, the Idaho Public Utilities Commission ("Commission") approved the calculation and reasonableness of the O&M service charge calculation. The original calculation for the below 138 kV O&M rate (0.7 percent) is shown in Attachment 1 provided on the enclosed CD. The workpapers supporting the calculation of the 0.4 percent rate for interconnections 138 kV and above are not available.

Second, Order No. 24025 directed the Company to submit a revised Schedule 72 tariff that included escalating O&M rates determined by a methodology proposed by Commission Staff ("Staff"). On February 18, 1992, Idaho Power filed the revised Schedule 72 with the 35-year escalating rates that are in effect on the current Schedule 72. Please see Attachment 2 provided on the enclosed CD for a copy of this filing and a copy of Staff's methodology for escalating O&M rates as included in T. Faull's Exhibit No. 105 in Case No. IPC-E-90-20. The workpapers applying this methodology to arrive at the escalating rates on Tables 1 and 2 on Schedule 72 are not available.

Also, in 2016, the Company filed Tariff Advice No. 16-04, which added a rate for O&M charges for interconnection facilities that have been in place beyond 35 years.

The response to this Request is sponsored by Mark Annis, Senior Regulatory Analyst, Idaho Power Company.

REQUEST FOR PRODUCTION NO. 1.3: Please provide current updated values for all inputs that Idaho Power provided in response to request no. 1.

RESPONSE TO REQUEST FOR PRODUCTION NO. 1.3: The Company assumes that this Request relates to REC's Request for Production No. 1.2. Please see the Excel spreadsheet provided on the enclosed CD, which includes values of all inputs used in the Company's response to REC's Request for Production No. 1.2, using actual financial data from 2017, or other sources as noted in the attachment.

The response to this Request is sponsored by Mark Annis, Senior Regulatory Analyst, Idaho Power Company.

REQUEST FOR PRODUCTION NO. 1.4: Please refer to Idaho Power's Third

Revised Sheet No. 72-17 where Idaho Power states:

Where a Seller's interconnection will utilize Interconnection Facilities provided under a prior agreement(s) and the combined term(s) of the prior agreement(s) is less than 35 years, the operation and maintenance charge related to those existing Interconnection Facilities for the Seller's interconnection will be computed to include the expired term of the prior agreement(s).

Explain what it means to "include the expired term of the prior agreement(s)" in computing the operations and maintenance charge. Please provide the formula and all inputs used in this computation.

RESPONSE TO REQUEST FOR PRODUCTION NO. 1.4: To "include the expired term of the prior agreement(s)" means that the number of years under the prior agreement are contiguous as they relate to the computation of the O&M charge under the replacement contract. For example, if a project had an initial agreement with a 20-year term and the project obtained a replacement contract at the expiration of the first agreement, the O&M charge under the new contract will begin at the year-21 rate, rather than start over at year one. This is true for any existing facilities that are continuing in service under the replacement contract. If additional facilities are required to accommodate the Seller's requirements or a change in interconnection standards, only the additional facilities would start at the year-one rate.

The response to this Request is sponsored by Aubrae Sloan, Accounting Manager, Idaho Power Company.

REQUEST FOR PRODUCTION NO. 1.5: Please refer to Idaho Power's Third

Revised Sheet No. 72-17 where Idaho Power states:

Where a Seller's interconnection will utilize Interconnection Facilities provided under a prior agreement(s) and the combined term(s) of the prior agreement(s) is greater than 35 years, the operation and maintenance charge related to those existing Interconnection Facilities for the Seller's interconnection will be computed at the applicable levelized rate designated at 36+ years.

Explain what it means to compute the operations and maintenance charge at the "applicable levelized rate designated at 36+ years." Please provide the formula and all inputs used in this computation.

RESPONSE TO REQUEST FOR PRODUCTION NO. 1.5: The "applicable levelized rate designated at 36+ years" is 0.4 percent for 138 kV and 161 kV and 0.7 percent for below 138 kV, as identified in Tables 1 and 2 of Schedule 72, Section 3. These rates will be used to compute the O&M charge for all interconnections that have been in-service for over 35 years. Please refer to the Company's response to REC's Request for Production No. 1.2 for a discussion of the formula and inputs used in this computation.

The response to this Request is sponsored by Aubrae Sloan, Accounting Manager, Idaho Power Company.

REQUEST FOR PRODUCTION NO. 1.6: Please refer to Idaho Power's Third

Revised Sheet No. 72-17 where Idaho Power states:

The cost upon which an individual Seller's operation and maintenance charge is based will be reduced by subsequent Vested Interest refunds.

a. Is the operation and maintenance charge reduced only on a going-forward basis by subsequent Vested Interest refunds, or does the Seller also receive a refund for past operations and maintenance charges? If the operation and maintenance charge is only adjusted on a going-forward basis, please explain why.

b. Explain how the operation and maintenance charge is reduced by subsequent Vested Interest refunds. Please provide the formula and all inputs used in this computation.

RESPONSE TO REQUEST FOR PRODUCTION NO. 1.6:

a. Pursuant to Schedule 72, any potential reduction in O&M charges based upon Vested Interest payments would be on a going-forward basis. Page 72-17 of Schedule 72 provides the formula for determining the refund payment. These calculated refunds are only provided at the time "when an Additional Application shares use of those Interconnection Facilities." When those Vested Interest refund amounts are determined, they would reduce the Original Interconnection Cost of the Seller holding the Vested Interest by the same amount. The Seller holding the Vested Interest would have its O&M charge calculated based upon this new, reduced Interconnection Cost on a going-forward basis, and the Additional Applicant would pay the O&M charge on the amount it paid as an Additional Applicant. See Schedule 72, p. 72-18,

“Additional Applicants who are Sellers will pay the monthly operation and maintenance charge on the amount they paid as an Additional Applicant.”

Pursuant to Schedule 72, “The Company will provide a refund payment to each Seller holding a Vested Interest in Company-owned Interconnection Facilities when an Additional Applicant shares use of those Interconnection Facilities.” Schedule 72, p. 72-17. O&M fees are assessed on those items identified in the Generator Interconnection Agreement (“GIA”) as Interconnection Facilities and not to those items identified in the GIA as Network Upgrades, which are required for the Seller’s generation facility to be designated as a Network Resource on Idaho Power’s system. Because the Seller does not pay an O&M charge on facilities identified as Network Upgrades, Vested Interest refunds for Network Upgrade facilities have no impact on the calculation of the O&M charge. The Seller only pays the O&M charge on its Interconnection Facilities.

b. Please see the Company’s response to REC’s Request for Production No. 1.6.a, above.

The response to this Request is sponsored by Aubrae Sloan, Accounting Manager, Idaho Power Company.

REQUEST FOR PRODUCTION NO. 1.7: When a qualifying facility or other electricity generator that historically operated under an interconnection agreement with Idaho Power seeks to enter a new interconnection agreement, how does Idaho power account for prior operations and maintenance payments under the new agreement?

RESPONSE TO REQUEST FOR PRODUCTION NO. 1.7: Please refer to the Company's response to REC's Request for Production No. 1.4.

The response to this Request is sponsored by Aubrae Sloan, Accounting Manager, Idaho Power Company.

REQUEST FOR PRODUCTION NO. 1.8: In IPUC Order No. 24025, Case No.

IPC-E-90-20 the Idaho Commission stated:

The monthly operation and maintenance (O&M) service charges for QF interconnection facilities under Idaho Power's proposed Schedule 72 as a percentage of actual interconnection investment are 0.7% for distribution facilities and 0.4% for transmission facilities. The Schedule 72 O&M percentages are based on the current average O&M costs for Idaho Power's distribution and transmission facilities. Tr.p.157.

- a. Please explain how Idaho Power determined that 0.7% and 0.4% represented the appropriate percentages for operations and maintenance charges for distribution and transmission facilities respectively. Please provide the formula and all inputs used in this computation.
- b. Please explain what it means for the 0.7% and 0.4% charges to be "based on" the current average O&M costs.
- c. Please provide Idaho Power's workpapers used to calculate the O&M charges developed in this IPUC Case No. IPC-E-90-20.
- d. At the time that Idaho Power developed the 0.7% and 0.4% O&M service charges, what was Idaho Power's average O&M costs for its distribution and transmission facilities? Please also provide the total O&M costs and total capital costs upon which that average is based and/or any other inputs Idaho Power used to arrive at the average O&M costs.
- e. What costs are covered by Idaho Power's O&M charge?

RESPONSE TO REQUEST FOR PRODUCTION NO. 1.8:

a. Please see the Company's response to REC's Request for Production No. 1.2 for the formula and inputs used to calculate the 0.7 percent used for facilities below 138 kV.

b. Actual system-wide 1998 financial data—O&M costs and plant balances—were used to calculate the O&M rates. Please also see the Company's response to REC's Request for Production No. 1.2.

c. Please see the Company's response and attachments to REC's Request for Production No. 1.2.

d. Idaho Power's average O&M costs were 0.7 percent and 0.4 percent, based on the methodology presented in Attachment 1 provided with the Company's response to REC's Request for Production No. 1.2.

e. The costs covered by Idaho Power's O&M charge are shown in Attachment 1 provided with the Company's response to REC's Request for Production No. 1.2.

The response to this Request is sponsored by Mark Annis, Senior Regulatory Analyst, Idaho Power Company.

REQUEST FOR PRODUCTION NO. 1.9: Please:

- a. Identify the O&M charges calculated using the total O&M costs and total capital costs over Idaho Power's whole system, including Idaho Power-owned distribution facilities.
- b. Confirm that this includes amounts that are before and that are beyond the point of delivery.
- c. Provide a breakdown of the O&M costs and total capital costs over Idaho Power's whole system, including Idaho Power-owned distribution facilities amounts, between those amounts that are before and are beyond the point of delivery. If exact amounts are not known, then please identify the exact or percentage breakdown for the amounts before and after the point of delivery.

RESPONSE TO REQUEST FOR PRODUCTION NO. 1.9:

- a. Idaho Power does not track O&M charges in such a manner. Please see the Company's response to REC's Request for Production No. 1.2 for a discussion of the methodology of determining O&M charges.
- b. O&M costs included amounts for facilities owned by the Company. Facilities beyond the interconnection point are owned by the projects.
- c. Please see the Company's responses to REC's Request for Production Nos. 1.9.a and 1.9.b, above. Neither an amount nor a percentage breakdown are available.

The response to this Request is sponsored by Mark Annis, Senior Regulatory Analyst, Idaho Power Company.

REQUEST FOR PRODUCTION NO. 1.10: At present, what is Idaho Power's current average O&M costs for its distribution and transmission facilities? Please also provide the total O&M costs and total capital costs upon which that average is based and/or any other inputs Idaho Power used to arrive at the average O&M costs.

RESPONSE TO REQUEST FOR PRODUCTION NO. 1.10: The Company has not calculated the current average O&M costs for its distribution and transmission facilities. In an effort to provide responsive information, the Company has prepared a calculation of current average distribution O&M costs based on the original methodology described in the Company's response to REC's Request for Production No. 1.2 and the 2017 actual financial information provided in the Company's response to REC's Request for Production No. 1.3. The current average O&M cost for distribution facilities remained at 0.7 percent. Please see the Excel spreadsheet provided on the enclosed CD for this calculation.

The response to this Request is sponsored by Mark Annis, Senior Regulatory Analyst, Idaho Power Company.

REQUEST FOR PRODUCTION NO. 1.11: Please provide a list of all facilities that have a Uniform Interconnection Agreement with Idaho Power and to which Schedule 72 applies. For each facility please provide an accounting of the amount collected by Idaho Power for Schedule 72 O&M charges and the actual interconnection O&M expenses incurred by Idaho Power over the course of the interconnection agreement.

RESPONSE TO REQUEST FOR PRODUCTION NO. 1.11: Please see the Company's response to J.R. Simplot Company's Request for Production No. 16. Please note that these collections also include O&M charges collected from contracts that were signed prior to the implementation of Schedule 72.

Idaho Power does not separately track actual costs incurred for O&M expenses on Qualifying Facility ("QF") interconnections. Once these projects are placed into service, they are deemed a part of Idaho Power's plant, the same as any other plant that is non-customer funded, and the cost of maintaining (or replacing) this equipment is paid for by all Idaho Power customers, with an offsetting revenue credit for the amounts collected through the O&M charge assessed to QF interconnections.

The response to this Request is sponsored by Aubrae Sloan, Accounting Manager, Idaho Power Company.

REQUEST FOR PRODUCTION NO. 1.12: For each electric utility in the Pacific Northwest, please identify whether interconnection O&M costs are recovered through a formula rate, actual costs incurred by the utility, or some other methodology.

RESPONSE TO REQUEST FOR PRODUCTION NO. 1.12: Idaho Power does not know whether other electric utilities in the Pacific Northwest recover O&M costs through a formula rate, actual costs, or some other methodology.

The response to this Request is sponsored by Mark Annis, Senior Regulatory Analyst, Idaho Power Company.

DATED at Boise, Idaho, this 6th day of June 2018.



DONOVAN E. WALKER
Attorney for Idaho Power Company

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 6th day of June 2018 I served a true and correct copy of IDAHO POWER COMPANY'S RESPONSE TO RENEWABLE ENERGY COALITION'S FIRST REQUEST FOR PRODUCTION upon the following named parties by the method indicated below, and addressed to the following:

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