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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 THE THIRD
PERFORMANCE BAND AND)	PRODUCTION REQUEST OF
CALCULATION OF OPERATION AND)	THE COMMISSION STAFF TO
MAINTENANCE CHARGES FOR PURPA)	IDAHO POWER COMPANY
QUALIFYING FACILITIES)	
)	

COMES NOW, Idaho Power Company ("Idaho Power" or "Company"), and in response to the Third Production Request of the Commission Staff to Idaho Power Company dated July 20, 2018, herewith submits the following information:

REQUEST NO. 22: Please provide updated Schedule 72 Operation and Maintenance (O&M) flat percentage rates for both distribution-level and transmission-level interconnections using actual 2015 and 2016 data, respectively. Please provide workpapers reflecting the calculations with formula intact.

RESPONSE TO REQUEST NO. 22: Please see the Excel file provided on the enclosed CD for the requested information.

The response to this Request is sponsored by Mitch McClellan, Financial Analyst, Idaho Power Company.

REQUEST NO. 23: In “[sic] Idaho Power Company’s Answer and Responses to Idahohydro [sic] and Shorock Hydro, Inc.’s First Set of Interrogatories, Requests for Admission, and Requests for Production of Documents, Idaho Power states in “Answer to Interrogatory No. 9” that “charging actual O&M costs for QF projects would mean that an entirely separate system of work order preparation and billing would have to be established just for QF projects. Idaho Power believes that such a requirement is both unreasonable and unnecessary”. Please answer the following questions:

- a. For purposes of this request, please define “actual O&M costs.”
- b. Please list the categories of costs that go into the O&M rates and provide a description of the types and nature of these costs.
- c. For each O&M cost category, please describe how the Company could track them as actual costs and describe the changes in the Company’s business processes that the Company would need to make.
- d. For each O&M cost category, please describe and roughly quantify investments needed in systems, infrastructure, labor, etc. that the Company would need to make to track them as actual costs.

RESPONSE TO REQUEST NO. 23:

- a. In the context of this Request, “actual O&M costs” includes not only work (labor and materials) performed directly to the interconnection facilities by Idaho Power employees, but also indirect labor of support and supervisory personnel, labor overheads (including such things as payroll taxes and benefits), administrative and general expense, property insurance, and allocations of property taxes.
- b. Please see the Company’s responses to Renewable Energy Coalition’s Request for Production Nos. 2.8 and 2.9 for the categories of costs (categorized by

Federal Energy Regulatory Commission (“FERC”) account) that go into the O&M rate and definitions of the type and nature of the costs.

c. The Company currently uses a work order system to accumulate costs for various work requests. For each of the cost categories listed in subpart b above, the Company would need to be able to use the work order system to specifically identify actual costs associated with each individual Qualifying Facility (“QF”) interconnection facility, if such identification is even possible. The QF interconnection facilities, once constructed, become a part of Idaho Power’s overall system and are indistinguishable from the rest of the system.

Idaho Power’s QF interconnection facilities have not been separately identified within its various property records and system mapping software, so even identifying whether work is being performed on QF interconnection facilities may not be possible, or may require significant amounts of research to determine. If such identification of QF interconnection facilities was achievable, field employees would need to be trained to specifically identify work performed on those interconnection facilities separately from non-QF interconnection facilities. In some cases, QF interconnection facilities may be located at the exact same location, even on the same pole, as non-QF interconnection facilities.

Currently, maintenance is performed via “blanket work orders,” which are not meant to be specific to an asset, but to a function, for example, “line maintenance.” The same blanket work order is used for all general line maintenance in a region.

Further, many of the costs included in “actual O&M costs” are operational in nature—for example, operating the transmission and distribution system—or are indirect—for example, allocation of supervisory and support costs, overheads, administrative and general expense, insurance, and property taxes. These costs are

not directly identifiable. A mechanism or methodology for calculating these amounts would need to be established to identify the operational and indirect costs.

d. The Company has not performed a study to evaluate the amount of additional investments that would be needed in systems, infrastructure, labor, etc., to track and bill actual O&M costs for all 134 QF project interconnections. The Company does not bill actual O&M costs for any of its counterparties. In all cases, a public utility commission- or FERC-approved calculation is used to reasonably approximate the actual costs of operating and maintaining the Idaho Power system. As indicated in subpart c above, within most of its records and systems, the Company does not currently separately identify or track QF interconnection facilities upon which an O&M charge is assessed versus its other transmission and distribution facilities.

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

REQUEST NO. 24: In “Idahydro, Shorock Hydro, Inc., J.R. Simplot Company and Renewable Energy Coalition’s Petition,” the Petitioners stated on Page 8 that “In fact, IPCo and other Idaho utilities assess actual O&M costs to interconnection customers under interconnections subject to the Federal Power Act...” Please answer the following questions:

a. Does Idaho Power agree with the statement? Please explain why or why not.

b. If Idaho Power agrees with the Petitioner’s statement, please list the categories of costs that make up actual O&M costs and describe the overall methodology for assessing actual O&M costs to interconnection customers subject to the Federal Power Act?

RESPONSE TO REQUEST NO. 24:

a. No. Idaho Power cannot speak to how other Idaho utilities assess O&M costs; however, the Company disagrees with the statement as it relates to Idaho Power. Please see the Company’s answer to J.R. Simplot Company’s (“Simplot”) Interrogatory No. 11.

b. Not applicable.

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

REQUEST NO. 25: In “Idaho Power’s Answer and Responses to J.R. Simplot’s First Interrogatories, Requests for Admission, and Requests for Production to Idaho Power Company,” Idaho Power stated in its “Answer to Interrogatory No. 9” that for both large generators and small generators “The Interconnection Customer shall be responsible for its share of all reasonable expenses, including overheads associated with (1) owning, operating, maintaining, repairing, and replacing its own Interconnection Facilities; and (2) operating, maintaining, repairing, and replacing the Transmission Provider’s Interconnection Facilities.” Please answer the following questions:

a. How does Idaho Power charge overheads associated with operating, maintaining, repairing, and replacing the Transmission Provider’s Interconnection Facilities (item 2 above). Please provide specific examples to support your answer.

b. What is the justification for assessing O&M interconnection costs for QF facilities differently than interconnection customers subject to the Federal Power Act?

RESPONSE TO REQUEST NO. 25:

a. Idaho Power does not charge overheads pursuant to item 2 above. Please see the Company’s answer to Simplot’s Interrogatory No. 11.

b. O&M fees for Public Utility Regulatory Policies Act of 1978 (“PURPA”) QFs in Idaho are authorized and directed by Schedule 72. O&M fees for non-PURPA, FERC-jurisdictional interconnections are authorized and directed by Idaho Power’s Open Access Transmission Tariff.

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

DATED at Boise, Idaho, this 10th day of August 2018.



DONOVAN E. WALKER
Attorney for Idaho Power Company

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 10th day of August 2018 I served a true and correct copy of IDAHO POWER COMPANY'S RESPONSE TO THE THIRD PRODUCTION REQUEST OF THE COMMISSION STAFF TO IDAHO POWER COMPANY upon the following named parties by the method indicated below, and addressed to the following:

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