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November 21, 2024

VIA ELECTRONIC FILING

Public Utility Commission of Oregon
Filing Center
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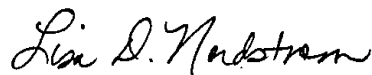
Re: Docket UI XXXX
In the Matter of Idaho Power Company's Application of an Affiliate Interest
Transaction with Bridger Coal Company

Attention Filing Center:

Attached for electronic filing is Idaho Power Company's Application of an Affiliate Interest Transaction with Bridger Coal Company. Some parts of the Application and the Attachment are CONFIDENTIAL and will be provided to the Public Utility Commission of Oregon's Filing Center under a separate encrypted email.

If you have any questions, please do not hesitate to contact me or Regulatory Analyst Jessi Brady at (208) 388-5764.

Very truly yours,



Lisa D. Nordstrom
OSB No. 97352

LDN/sg

Attachments

BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON

UI _____

In the Matter of Idaho Power Company's
Application for Approval of an Affiliate Interest
Transaction with Bridger Coal Company.

APPLICATION OF IDAHO POWER

Pursuant to ORS 757.495 and in accordance with OAR 860-027-0040, Idaho Power Company ("Idaho Power" or "Company") hereby requests an order from the Public Utility Commission of Oregon ("Commission") approving an affiliated transaction in which Bridger Coal Company ("BCC") will sell coal to Idaho Power. A copy of the coal contract ("Agreement") is included with this Notice as Confidential Attachment 1. Idaho Power respectfully requests that the Commission approve the Agreement as an affiliated interest agreement.

I. BACKGROUND

Idaho Power owns 100 percent of Idaho Energy Resources Co. ("IERCo"). In turn, IERCo holds a 33 percent interest in BCC, a joint venture company. BCC mines and supplies coal to the Jim Bridger generating plant ("Bridger plant"), located in Sweetwater County, Wyoming.

"Affiliated interest", as defined in ORS 757.015(3), includes every corporation five percent or more of whose voting securities are owned by any corporation or person owning five percent of the voting securities of a public utility or in any successive chain of ownership of a public utility. Therefore, Idaho Power's indirect ownership interest in BCC through IERCo created an affiliated interest between Idaho Power and BCC.

1 In 1974, Idaho Power entered into the current long-term coal sales agreement with
2 BCC. It was approved by the Commission in Order No. 91-567 in Docket No. UI 107. In Order
3 No. 91-567, the Commission stated:

4 The coal sales agreements in question will not harm [Idaho
5 Power's] customers because the agreements provide to [Idaho
6 Power] a reliable source of low-cost coal for operation of the Jim
7 Bridger plant.
8 The transfer price for the coal which is provided by Bridger to
[Idaho Power] shall be billed at actual cost . . . The Commission
concludes that the agreement is fair and reasonable and not
contrary to the public interest.¹

9 Over the last 50 years, Idaho Power has utilized coal from BCC to fuel its 33 percent
10 share of generation at the Bridger plant. The Agreement included with this Application
11 extends the term in which the Company will be able to utilize coal from BCC through at least
12 2027. The Bridger power plant is anticipated to be fully converted to natural gas beginning in
13 2030.² Extending the term through at least 2027 will ensure that Idaho Power can continue
14 to fuel the Bridger plant with coal that meets the plant's specifications.³ In addition, it will limit
15 the risks associated with procuring coal from a third party, including coal shortages, coal price
16 increases, and rail transportation challenges.

17 With this Application, Idaho Power respectfully requests that the Commission approve
18 the Agreement as an affiliated interest agreement.

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22 ¹ *In the Matter of the Application of Idaho Power Company for Approval of an Agreement for Coal Sales*
23 *with Bridger Coal Company, a Joint Venture Consisting of Idaho Energy Resources Company, a Wyoming*
24 *Corporation, and Pacific Minerals, Inc., A Wyoming Corporation*, Docket No. UI 107, Order No. 91-467 at 4 (April
25 25, 1991).

24 ² Bridger Units 3 and 4 will be converted to natural gas beginning 2030 according to Idaho Power's
25 2023 IRP acknowledged in Docket No. LC 84, Order No. 24-285 (August 26, 2024).

26 ³ Bridger plant is designed to consume coal sourced specifically from southwest Wyoming with a heat
content ranging between 9,000 and 10,000 British thermal units per pound.

1 **II. COMPLIANCE WITH OAR 860-027-0040 FILING REQUIREMENTS**

2 **A. Name and Address**

3 Idaho Power's exact name and address of its principal business office is:

4 Idaho Power Company
5 1221 West Idaho Street
6 Boise, ID 83702

6 **B. Communications and Notices**

7 All notices and communications concerning this Application should be addressed to:

8 Lisa D. Nordstrom
9 Megan Goicoechea Allen
10 Regulatory Dockets
11 Idaho Power Company
12 1221 West Idaho Street (83702)
13 P.O. Box 70
14 Boise, Idaho 83707
15 lnordstrom@idahopower.com
16 mgoicoecheaallen@idahopower.com
17 dockets@idahopower.com

8 Matthew T. Larkin
9 Timothy E. Tatum
10 Jessi Brady
11 Idaho Power Company
12 1221 West Idaho Street (83702)
13 P.O. Box 70
14 Boise, Idaho 83707
15 mlarkin@idahopower.com
16 ttatum@idahopower.com
17 jbrady@idahopower.com

14 **C. Relationship Between Idaho Power and Affiliated Interest**

15 As noted above, IERCo, a direct, wholly owned subsidiary of Idaho Power, owns 33
16 percent of BCC. ORS 757.015(3) defines affiliated interests to include corporations with at
17 least five percent ownership interest in voting securities issued by a utility or in any chain of
18 successive ownership of a utility. Thus, through IERCo, Idaho Power and BCC are affiliates.

19 **D. Voting Securities**

20 IERCo holds an ownership interest in BCC equivalent to 33 percent.

21 **E. Common Officers and Directors**

22 The following officers and directors of IERCo also hold officer positions at Idaho
23 Power.

- 24 - Lisa A. Grow, President and Director
25 - Brian R. Buckham, Vice President, Treasurer and Director
26 - Adam J. Richins, Vice President and Director
 - Cheryl W. Thompson, Secretary

1 **F. Pecuniary Interest**

2 No officer or director of Idaho Power or BCC is a party to, or has a pecuniary interest
3 in, the Agreement.

4 **G. Description of Goods and Services Provided, Cost(s) Incurred; Market**
5 **Value; Pricing Methods**

6 The BCC mine is located adjacent to the Jim Bridger plant. Having ceased
7 underground operations in December 2021, the Bridger mine currently consists solely of
8 surface mining operations which provide coal to the Jim Bridger plant.

9 The Agreement is for sub-bituminous coal sourced from BCC in Sweetwater County,
10 Wyoming, delivered via overland conveyor system to the Bridger plant. The coal will be
11 crushed to a six inch minus size and contain an average heat content of not less than 9,000
12 British Thermal Units ("Btu") per pound.

13 Consistent with the current long-term contract, the transfer price per ton will be based
14 on the actual cost of mining, which is based on the annual operating margin and Weighted
15 Average Cost of Capital as determined in a general rate case proceeding.

16 **H. Estimate of Amount Idaho Power will Pay or Collect Annually**

17 Idaho Power estimates that it will procure between [CONFIDENTIAL] [REDACTED]
18 [REDACTED] [CONFIDENTIAL] tons annually from BCC during the term of the Agreement to
19 serve the Jim Bridger plant. Current cost projections indicate the total annual cost to Idaho
20 Power will range between [CONFIDENTIAL] [REDACTED] [CONFIDENTIAL]
21 annually. The Company forecasts this amount in the Annual Power Cost Adjustment
22 Mechanism proceeding and the actual costs are also provided in the Power Cost Adjustment
23 Mechanism filing every year.

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1 **I. Reasons Relied Upon for Providing the Proposed Services, and**
2 **Benefits to the Public**

3 As described in Section I. Background above, extending the Agreement will ensure
4 that Idaho Power can continue to fuel the Bridger plant with coal that meets the plant's
5 specifications. The Bridger plant was designed and constructed to burn sub-bituminous coal
6 sourced from southwest Wyoming with a heat content in the range of 9,000 to 10,000 Btus
7 per pound.

8 Aside from BCC, there is only one other source of fuel that is within the quality
9 specifications of the Bridger plant. Idaho Power relies on coal from both sources to fuel plant
10 operations. This fuel is procured and provided at cost. [CONFIDENTIAL] [REDACTED]

11 [REDACTED]

12 [CONFIDENTIAL]

13 **J. Description of the Procurement Process**

14 Every two years, in conjunction with the filing of the Integrated Resource Plan, plant
15 operator PacifiCorp evaluates the fuel supply options for the Jim Bridger plant through the
16 Jim Bridger Long-Term Fuel Supply Plan. The most recent Long-Term Fuel Supply Plan was
17 completed in 2023 and identified BCC as part of the least cost, risk-adjusted fueling option
18 for the Jim Bridger plant in PacifiCorp's 2024 Transition Adjustment Mechanism and 2023
19 Integrated Resource Plan.

20 **K. Relationship of Cost of Provision of Services and Market Value**

21 For regulatory purposes, Idaho Power treats coal operations at BCC as a part of its
22 utility operations. Accordingly, Idaho Power's share of the Bridger mine as well as associated
23 mining costs, including depreciation, are included in base rates.

24 **L. Contract Between Affiliated Interest and Idaho Power**

25 A copy of the Agreement has been provided as Confidential Attachment 1.

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CONFIDENTIAL

ATTACHMENT 1