

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1470

In the Matter of

OREGON INDUSTRIAL CUSTOMERS OF
IDAHO POWER,

Complainant,

vs.

IDAHO POWER COMPANY,

Defendant.

ORDER

DISPOSITION: STIPULATION ADOPTED

I. INTRODUCTION

On February 8, 2010, the Oregon Industrial Customers of Idaho Power (OICIP) filed a complaint against Idaho Power Company (Idaho Power or the Company) alleging that Idaho Power has failed to maintain appropriate service quality standards at an H.J. Heinz manufacturing plant located in Ontario, Oregon.

In this order, the Public Utility Commission of Oregon (Commission) adopts the Stipulation entered into by OICIP, Idaho Power, and Commission Staff (Staff), the parties in this docket. The Stipulation resolves all issues raised by OICIP's complaint.

II. PROCEDURAL HISTORY

A prehearing conference was held in this docket on March 24, 2010. Staff appeared at the conference and agreed to travel to Eastern Oregon to investigate OICIP's allegations and report its findings to the Commission by May 21, 2010. During the

conference, numerous pieces of testimony relevant to OICIP's complaint were admitted into the record.¹

On May 5, 2010, Staff met with representatives of Idaho Power and examined historical data relating to the Company's power quality. On May 6, 2010, Staff met with representatives of OICIP and Heinz and toured the Heinz facility. On May 12, 2010, Idaho Power, OICIP, and Staff attended a settlement conference and agreed to settle all issues raised by OICIP's complaint.

III. DISCUSSION

A. OICIP's Complaint

OICIP's allegations focus primarily on service quality issues at the H.J. Heinz Ore-Ida Potato Products Facility (the Heinz facility) in Ontario, Oregon. According to OICIP, voltage sags and surges in electric delivery have caused interruptions of Heinz potato processing operations, which have created economic hardship. OICIP complains that the system is also unsafe, and asserts that customer efforts to address the issues with Idaho Power have been unavailing. According to OICIP's complaint, Heinz's experiences are indicative of systemic safety and reliability problems throughout Idaho Power's Oregon service area.²

According to OICIP, Heinz has expended substantial amounts of money to mitigate the effects of inadequate service since 2005. Yet Idaho Power has taken inadequate steps on its side of the meter to address Heinz's problem or general service quality problems in the Company's Oregon service area.

OICIP asserts that Idaho Power has violated existing safety and reliability standards relevant to its Oregon service territory since 2005. OICIP also alleges that many of Idaho Power's service quality issues are not reported to the Commission because the Commission only requires Idaho Power to report complete interruptions in delivery of power.

The complaint asserts four separate claims for relief based on various alleged violations, and asks the Commission to take the following steps: (1) find that Idaho Power is in violation of Oregon law and federal law for failing to provide adequate service or adequately maintain its electric delivery system; (2) require upgrades to the Company's system to bring service up to industry standards; (3) require Idaho Power to investigate service problems adequately and provide Schedule 19 (Large Power Service) customers with the results of such investigations; (4) require quarterly meetings with Idaho Power and

¹ The allegations in OICIP's complaint were originally raised in docket UE 213, Idaho Power's recent general rate case. Numerous pieces of testimony relating to those allegations were admitted into the record of that proceeding. OICIP later agreed to have its concerns resolved in this separate complaint docket. The UE 213 testimony relevant to OICIP's concerns was therefore made part of the record of this proceeding.

² OICIP states that these same issues were raised as far back as 2005 in docket UE 167, Idaho Power's 2005 general rate case. In that docket, the Commission expressed concern that power outages could negatively affect industries that process perishable products and encouraged Idaho Power and its customers to work together to resolve power quality issues. See *Idaho Power Company's Application for a General Rate Increase*, Docket No. UE 167, Order No. 05-871 at 16 (Jul 28, 2005).

Schedule 19 customers where adequate information is shared; (5) require monitoring and reporting of certain information regarding delivery disturbances likely to affect large power users; and (6) institute service quality measures for Idaho Power, with penalties that would fall on Company shareholders.

Idaho Power filed an answer denying allegations that its service is inadequate or unsafe, and denied that the Company was in violation of any applicable rule or law. The Company also argued that the Commission lacks jurisdiction to enforce certain federal laws.

B. The Stipulation

The Stipulation filed by the parties contains two parts. The first part is a commitment by Idaho Power to make specific improvements to its system. Specifically, Idaho Power agrees to make certain technical upgrades to the portion of its system serving the Heinz facility, including the completion of upgrades to the Company's Brownlee-Ontario 230 kV transmission line and the installation of two fault-locating relays at the Emmett and Ore-Ida substation terminals of the Emmett-Ore-Ida-Ontario 69 kV transmission line.

The second part is an agreement to enter into a collaborative process that would help identify and remedy potential power quality issues as they arise. The details of this process are described in the Stipulation in some detail, but include the following elements:

1. Idaho Power agrees to provide a power quality audit of Heinz's Ontario facility.
2. Idaho Power, Heinz, and Staff agree to participate in quarterly meetings to exchange information and evaluate potential actions that both Idaho Power and Heinz might take to reduce the voltage sags and shutdowns experienced by Heinz's Ontario facility. These quarterly meetings will continue until the parties mutually agree they are no longer necessary.
3. Idaho Power agrees to provide power quality voltage sag information captured by the ion meter installed at the Ore-Ida substation, together with available causal information.
4. Idaho Power agrees to provide an up-to-date analysis of the information provided to Heinz dated November 28, 2007, relating to the Ore-Ida New Transmission Feed.


IV. CONCLUSION

The Commission has reviewed the Stipulation, together with the supporting testimony and exhibits admitted into the record of this docket. We conclude that resolutions reached in the Stipulation are fair, just, and reasonable and should be adopted. The Stipulation is attached to this order as Appendix A and incorporated in this order by reference.

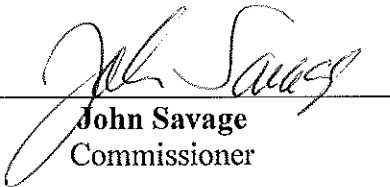
V. ORDER

IT IS ORDERED that the Stipulation attached to this order as Appendix A is adopted.


Made, entered, and effective JUN 21 2010.



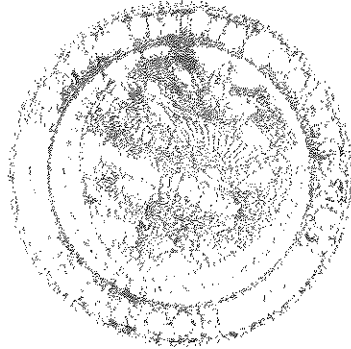
Ray Baum
Chairman



John Savage
Commissioner



Susan K. Ackerman
Commissioner



A party may request rehearing or reconsideration of this order pursuant to ORS 756.561. A request for rehearing or reconsideration must be filed with the Commission within 60 days of the date of service of this order. The request must comply with the requirements in OAR 860-014-0095. A copy of any such request must also be served on each party to the proceeding as provided by OAR 860-013-0070(2). A party may appeal this order by filing a petition for review with the Court of Appeals in compliance with ORS 183.480-183.484.

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OF OREGON

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UM 1470

In the Matter of
OREGON INDUSTRIAL CUSTOMERS
OF IDAHO POWER,

Complainant,

v.

IDAHO POWER COMPANY,

Defendant.

STIPULATION

12 This Stipulation resolves all issues between the parties related to the Complaint filed
13 by the Oregon Industrial Customers of Idaho Power ("OICIP") against Idaho Power
14 Company ("Idaho Power" or "Company") in this docket.

15 PARTIES

16 1. The parties to this Stipulation are Idaho Power, OICIP and the Staff of the
17 Public Utility Commission of Oregon ("Staff" or "OPUC Staff") (collectively, the "Stipulating
18 Parties"). No other party intervened in this docket.

19 BACKGROUND

20 2. On February 8, 2010, OICIP filed this Complaint against Idaho Power alleging
21 that the service quality delivered by Idaho Power to its Oregon customers is inadequate
22 and in violation of the laws of the State of Oregon and the rules of the Public Utility
23 Commission of Oregon ("Commission"). Many of the issues raised in the Complaint focus
24 on Idaho Power's service to the H.J. Heinz's Ore-Ida Potato Products Facility in Ontario,
25 Oregon ("Heinz"). These issues were raised by OICIP during Idaho Power's most recent
26 general rate case, UE 213. In that docket both OICIP and Idaho Power filed extensive

1 testimony on these and related issues before OICIP agreed to remove these issues from
2 the general rate case.

3 3. On March 2, 2010, Idaho Power filed its Answer, in which it denied all
4 allegations of the Complaint and alleged that the service provided to OICIP and its
5 members is reliable, safe and efficient.

6 4. On March 24, 2010, the Commission held a prehearing conference. Staff
7 attended the prehearing conference and at that time Staff and the parties agreed that Staff
8 would perform an independent investigation of OICIP's service quality complaints and
9 would issue recommendations to the Commission regarding the same.

10 5. On May 5, 2010, two Staff representatives travelled to Payette, Idaho, to
11 meet with representatives of Idaho Power's Safety and Reliability Staff at the Company's
12 Payette Operations Center. At the meeting Idaho Power presented detailed historical data
13 regarding the power quality at the Heinz facility. The next day, Staff also met with
14 representatives of OICIP and OICIP member, Heinz, to investigate OICIP's service quality
15 allegations and to tour the Heinz facility in Ontario.

16 6. On May 12, 2010, Idaho Power, OICIP and Staff attended a settlement
17 conference. Based on the discussions at the settlement conference, the Stipulating
18 Parties agreed to settle all issues in this docket pursuant to the following terms.

19 **AGREEMENT**

20 7. Idaho Power will provide a power quality audit of Heinz's Ontario facility to
21 begin before the end of June 2010. This audit is expected to take place over a two month
22 period and will be provided to Heinz at Idaho Power's expense.

23 8. Idaho Power will complete specific upgrades to its Brownlee – Ontario 230 kv
24 transmission line (Line #707). These upgrades will focus on a three-pole structure that
25 has been identified by the Company to be the source of a number of faults that may have
26

1 impacted the power quality at the Heinz facility. Idaho Power will use best efforts to
2 complete construction of these upgrades in 2010.

3 9. Idaho Power, Heinz and Staff will meet on a quarterly basis. The purpose of
4 these meetings is for the parties to exchange information and evaluate potential actions
5 both parties might take to reduce the voltage sags and shutdowns experienced by Heinz's
6 Ontario facility. Toward this end, both Heinz and Idaho Power agree that management
7 and engineering staff will attend all meetings. Dates for these quarterly meetings will be
8 agreed upon among the parties, with every attempt being made to schedule these
9 meetings to coincide with OPUC Staff's regular meetings in Baker City. Members of Heinz
10 management may invite representatives of other OICIP members to attend the meetings,
11 at its discretion, provided that any other members shall be required to execute the
12 appropriate confidentiality agreements and/or waivers/releases. The Stipulating Parties
13 agree that the quarterly meetings will continue until the Stipulating Parties mutually agree
14 that they are no longer necessary.

15 10. At these quarterly meetings Idaho Power will provide power quality voltage
16 sag information captured by the ion meter installed at the Ore-Ida substation, together with
17 available causal information. Idaho Power will plot this data against the current ITIC curve
18 and the operating curve based on Heinz's Allen Bradley Variable Frequency Drives.

19 11. Idaho Power will install two fault locating relays on the Emmett – Ore-Ida –
20 Ontario 69 kV transmission line (Line #204). These relays will be installed at the Emmett
21 and Ore-Ida substation terminals of the line. The fault locating relays are intended to
22 provide additional information that can be available in the collaborative process.

23 12. Idaho Power will provide an up to date analysis of the information provided by
24 Jared Ellsworth (Idaho Power) to Scott Patterson (Heinz) dated November 28, 2007
25 (Subject – Ore-Ida New Transmission Feed).

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3 - STIPULATION: UM 1470

1 13. The Stipulating Parties agree to submit this Stipulation to the Commission
2 and request that the Commission approve the Stipulation as presented. The Stipulating
3 Parties agree that the adjustments and the rates resulting from the Stipulation are fair, just,
4 and reasonable.

5 14. This Stipulation will be offered into the record of this proceeding as evidence
6 pursuant to OAR 860-014-0085. The Stipulating Parties agree to support this Stipulation
7 throughout this proceeding and any appeal, (if necessary) provide witnesses to sponsor
8 this Stipulation at the hearing, and recommend that the Commission issue an order
9 adopting the settlements contained herein.

10 15. If this Stipulation is challenged by any other party to this proceeding, the
11 Stipulating Parties agree that they will continue to support the Commission's adoption of
12 the terms of this Stipulation. The Stipulating Parties agree to cooperate in cross-
13 examination and put on such a case as they deem appropriate to respond fully to the
14 issues presented, which may include raising issues that are incorporated in the
15 settlements embodied in this Stipulation.

16 16. The Stipulating Parties have negotiated this Stipulation as an integrated
17 document. If the Commission rejects all or any material portion of this Stipulation or
18 imposes additional material conditions in approving this Stipulation, any Stipulating Party
19 disadvantaged by such action shall have the rights provided in OAR 860-014-0085 and
20 shall be entitled to seek reconsideration or appeal of the Commission's Order.

21 17. By entering into this Stipulation, no Stipulating Party shall be deemed to have
22 approved, admitted, or consented to the facts, principles, methods, or theories employed
23 by any other Stipulating Party in arriving at the terms of this Stipulation, other than those
24 specifically identified in the body of this Stipulation. No Stipulating Party shall be deemed
25 to have agreed that any provision of this Stipulation is appropriate for resolving issues in
26 any other proceeding, except as specifically identified in this Stipulation.

1 18. This Stipulation may be executed in counterparts and each signed
2 counterpart shall constitute an original document.

3 This Stipulation is entered into by each Stipulating Party on the date entered below
4 such Stipulating Party's signature.

5

6 Respectfully submitted this 2nd day of June, 2010.

7

8 STAFF

IDAHO POWER COMPANY

9

10 By: _____

By: [Signature]

11

12 Date: _____

Date: 6-2-10

13

14 OREGON INDUSTRIAL
CUSTOMERS OF IDAHO POWER

15

16 By: _____

17

18 Date: _____

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3 This Stipulation is entered into by each Stipulating Party on the date entered below
4 such Stipulating Party's signature.

5

6 Respectfully submitted this _____ day of June, 2010.

7

8 STAFF

IDAHO POWER COMPANY

9

10 By: _____

By: _____

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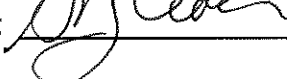
12 Date: _____

Date: _____

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14 OREGON INDUSTRIAL
CUSTOMERS OF IDAHO POWER

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16 By:  _____

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18 Date: 6-1-2010

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1 18. This Stipulation may be executed in counterparts and each signed
2 counterpart shall constitute an original document.

3 This Stipulation is entered into by each Stipulating Party on the date entered below
4 such Stipulating Party's signature.

5

6 Respectfully submitted this _____ day of June, 2010.

7

8 STAFF

IDAHO POWER COMPANY

9

10 By:  _____

By: _____

11

12 Date: 6/1/10 _____

Date: _____

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14 OREGON INDUSTRIAL
CUSTOMERS OF IDAHO POWER

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16 By: _____

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18 Date: _____

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