

IDAHO PUBLIC UTILITIES COMMISSION

MINUTES OF DECISION MEETING

February 5, 2015 – 1:30 P.M.

In attendance were Commissioners Paul Kjellander, Mack Redford and Marsha Smith. Commissioner Kjellander called the meeting to order.

The first order of business was **APPROVAL OF MINUTES FROM PREVIOUS MEETING** on Monday, January 26, 2015. The Commission voted unanimously to approve the minutes as written.

The next order of business was approval of the **CONSENT AGENDA**:

2. Carolee Hall's February 2, 2015 Decision Memorandum re: Application for Approval of Amendment No. 2 to the Type 2 Wireless Interconnection Agreement Between Qwest Corporation dba CenturyLink QC ("CenturyLink") fka US West Communications, Inc., and Cricket Communications, Inc. ("Cricket"), Case No. QWE-T-00-20.

3. Grace Seaman's January 29, 2015 Decision Memorandum re: Syringa Networks, LLC's 2013 Broadband Equipment Tax Credit Application, Case No. SZ9-T-15-01.

4. Kristine Sasser's February 3, 2015 Decision Memorandum re: Idaho Power's Application for Approval or Rejection of a Replacement Energy Sales Agreement with J.R. Simplot, Case No. IPC-E-15-02.

5. Neil Price's January 30, 2015 Decision Memorandum re: Rocky Mountain Power's Application for Approval of a Transaction to Close Deer Creek Mine and for a Deferred Accounting Order, Case No. PAC-E-14-10.

There was no discussion and Commissioner Kjellander made a motion to approve Staff's recommendations for items 2 through 5 on the Consent Agenda. A vote was taken on the motion and it carried unanimously.

The next order of business was **MATTERS IN PROGRESS**:

6. Daphne Huang's February 3, 2015 Decision Memorandum re: Idaho Power's Petition to Modify Terms and Conditions of Prospective PURPA Energy Sales Agreements, Case No. IPC-E-15-01.

Ms. Huang reviewed her Decision Memo. She noted that four separate petitioners have filed Petitions to Intervene, including J.R. Simplot Company, Intermountain Energy Partners, Idaho Conservation League and Snake River Alliance. She said the question before the Commission is how to proceed in this matter.

Commissioner Smith stated that the only thing she knows for sure is that we don't know what for sure will happen in the future. She said PURPA issues will always need reexamination, rethinking and adjustment as time goes on and technologies change. She said as load and resources change, it is the duty of the Commission to figure out accurate avoided costs that are fair to both the customers and the developers. She added that the Commission had hoped that the IRP methodology would account for fluctuations in demand and resources and that pricing accuracy could be achieved as far as avoided costs go. She said she didn't think the Commission had addressed contract length but it is something it should do, and there were some other suggestions in the filing that maybe the Commission should also consider. She noted that the 20-year contract length has been in effect since 2002, and that is quite a while to not have looked at that issue.

Commissioner Redford stated it was his suggestion to issue a Notice of Petition and give 14 days for comments. He said he thought this is possibly a case that is ripe for technical hearing.

Commissioner Kjellander stated that contract length is something that the Commission has not really discussed in quite a while, and in the last orders the Commission issued for solar contracts totaling about 460 megawatts, the Commission raised the question about bringing on resources before they are needed. He said that is the area of concern the Commission had then and as he has read Idaho Power's initial filing and learned there may be as much as 800 additional megawatts sitting in the wings, he had some concerns about how quickly the Commission can proceed. He added that the case will likely require a technical hearing, which is a long process, and he was concerned about what to do in the interim. He said maybe the adjustment of the contract length is the ultimate answer and maybe some of the other pieces of the puzzle are part of that as well, but in the interim, what the Commission should do as it processes the case was the big question.

Commissioner Smith stated she has some of the same concerns, and as Idaho Power pointed out in the filing, the Commission has reduced the size and length of contracts in the past in order to give breathing room and time to complete proceedings. She said she had thought that using IRP methodology would take into account the utilities' needs in the pricing but since there is the option for levelized payments it doesn't really work because they get the money in the front end even if the need doesn't come until the back end, and that mismatch of who is actually paying for the PURPA projects and who is going to benefit concerns her. She stated that her other big concern is that these cases can sometimes drag on forever and that uncertainty isn't fair to the project developers and their industry. She said something needs to be done to give the new Commission time to examine the issues that have been brought forward and see if any changes need to be made, but she was also concerned about the length of time it might take to do that.

There was no further discussion and Commissioner Smith made a motion to open a case, provide time for interventions, schedule a prehearing conference immediately and have the time frames compressed so that the industry and people trying to go forward with projects will have some certainty, and while the Commission is doing this, reduce the contract terms for new contracts to

five years. She said she also hoped that the reliability side of this, which is to her one of the most important things, should be kept in mind at all times.

Commissioner Kjellander commented that the Commission has settled on five-year contract terms at least once in the past, so there is at least some precedent for that. He asked if there is room in the motion to go ahead and grant intervention status to the four requests the Commission has already received, and Commissioner Smith agreed that would be acceptable.

Commissioner Redford confirmed that the five years will be an interim contract length until the case is resolved. Commissioner Smith replied that it would be her expectation that the Commission would address the contract terms as part of the proceedings, so whatever it chose at the conclusion of the proceedings would be the new contract terms.

There was no further discussion. A vote was taken on the motion and it carried unanimously.

The final order of business was **EXECUTIVE SESSION MATTERS:**

7. Renewal of the Administrator's USF and ITSAP Contracts. Per Idaho Code 67-2345(1)(a). [Don Howell, Attorney]

Commissioner Kjellander made a motion to hold item 7 until Mr. Howell returned to the office. A vote was taken on the motion and it carried unanimously.

There was no further business before the Commission and Commissioner Kjellander adjourned the meeting.

COMMISSION SECRETARY

DATE OF APPROVAL