

2012 AUG 21 AM 8:42

IDAHO PUBLIC
UTILITIES COMMISSION

August 20, 2012

Idaho Public Utilities Commission
P.O. Box 83720
Boise, Idaho 83720-0074

Re: Our Client: Twin Falls Canal Company, North Side Canal Company, Big Wood Canal Company, and American Falls Reservoir District No. 2
Case No. GNR-E-11-03
CLG File No. 6417.000

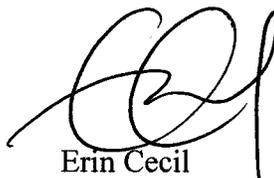
Dear Commissioners:

Enclosed please find an original and nine copies of an *Application for Intervenor Funding* filed on behalf of Twin Falls Canal Company, North Side Canal Company, Big Wood Canal Company, American Falls Reservoir District No. 2, and The Renewable Energy Coalition

If you have any questions or comments, please do not hesitate to contact me.

Sincerely,

Capitol Law Group, PLLC



Erin Cecil
Legal Assistant to C. Tom Arkoosh

CTA/emc
Enclosures

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Attorneys for Renewable Energy Coalition and Dynamis Energy LLC

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE COMMISSION'S REVIEW OF PURPA QF CONTRACT PROVISION INCLUDING THE SUBROGATE AVOIDED RESOURCE (SAR) AND INTEGRATED RESOURCE PLANNING (IRP) METHODOLOGIES FOR CALCULATING PUBLISHED AVOIDED COST RATES.

Case No. GNR-E-11-03

APPLICATION FOR INTERVENOR FUNDING

COME NOW Twin Falls Canal Company, North Side Canal Company, The Renewable Energy Coalition, Big Wood Canal Company, and American Falls Reservoir District #2 (collectively, "Companies"), pursuant to Idaho Code § 61-617A and IDAPA 31.01.01.161-165 with the following application for intervenor funding. The Twin Falls Canal Company, the North

Side Canal Company and the Renewable Energy Coalition are intervenors in this case pursuant to Order No. 32352 wherein the Commission automatically included all parties from the prior case GNR-E-11-01. Big Wood Canal Company and American Falls Reservoir District #2 are intervenors in this case pursuant to Order No. 32603 wherein the Commission granted their Petition to Intervene. This application is timely under IDAPA 31.01.01.164, which establishes a deadline “no later than fourteen (14) days after the last evidentiary hearing in a proceeding[.]”

I. Idaho Code § 61-617A and IDAPA Rule 31.01.01.161 Revenue Requirement

Idaho Power Corporation, Rocky Mountain Power and Avista Corporation are regulated public utilities with gross Idaho intrastate annual revenue exceeding three million, five hundred thousand dollars (\$3,500,000.00).

II. IDAPA Rule 31.01.01.162 Requirements

1. Itemized List of Expenses

The attached Exhibit A is an itemized list of partial expenses incurred by the Companies in this proceeding, which are the fees associated with retaining the expert consulting services of Mr. Don Schoenbeck. The Companies are not requesting recovery of the attorney fees of counsel, Mr. Tom Arkoosh or Mr. Ronald L. Williams.

2. Statement of Proposed Findings

The Companies have materially participated in the case, and will have materially contributed to the decision to be rendered by the Commission in the case. Through presentation of their direct case, in cross examination of utility witnesses, and in closing arguments, the Companies advocated for twenty-year PURPA power purchase agreements (“PPAs”), instead of five-year PPAs, presented compelling arguments why the eligibility cap for published rates be set at 10 MW (nameplate), not 100 kW (Idaho Power’s proposal), or 10 average MW for non-wind and solar (Staff, RMP and Avista), and advocated for requiring that avoided costs established by a

third-party production simulation model, such as AURORA, requiring two computer simulations.

The Companies also proposed, for Idaho Power, that a SCCT be used to determine Qualified Facility ("QF") capacity costs, but that a CCCT be used for Rocky Mountain Power; that capacity payments not be made in early years of capacity sufficiency, but that the capacity prices could be paid (levelized) over the life of a power purchase agreement; and that a reasonable security deposit be obtained by utilities at the outset of each QF contract, but that actual damages for breach of contract caused by the QF be a "mark to market" determination.

Finally, the Companies opposed Idaho Power's proposed Schedule 74 curtailment of their QF deliveries to Idaho Power during low-load operating conditions for economic reasons, and advocated for ownership retention by the Companies of renewable energy credits ("RECs") for the energy they produce.

3. Statement Showing Costs

The Companies request \$55,445 in intervenor funding, as shown in Exhibit A. Both the hourly rate and hours expended by Mr. Schoenbeck are reasonable in light of the complexity of the issues involved, as well as the multiple parties participating in the case.

4. Explanation of Cost Statement

The members/owners of the Twin Falls Canal Company, North Side Canal Company, Big Wood Canal Company, and American Falls Reservoir District #2 are ratepayers of Idaho Power. They are funding their participation in this case through a membership assessment fee. The Renewable Energy Coalition Idaho members, who are customers of and have PPAs with both Idaho Power and Rocky Mountain Power, also have imposed a special assessment upon themselves to support the coalition's involvement in this case, and include: Ted Sorenson (Birch Creek Power), Rob Fackrell, Jack Straubhar, Bill Arkoosh, Allan Ravenscroft, Alan Koyle, David Snedigar, the Farmer's Irrigation District, and the Middle Fork Irrigation District. Collectively,

these companies and individuals have retained the services of an experienced, well-trained expert who is familiar with the environments and variations with which utilities work in setting rates and establishing PURPA contracts with QFs.

5. Statement of Difference

The Companies' proposed findings are materially different than the Commission staff ("Staff"). For example, Staff advocates five-year contracts, while the Companies argue for twenty-year agreements. Staff argues for a 100 kW cap for wind and solar, and a 10 MW cap for all others, while the Companies advocate a 10 MW cap for all QFs. Staff argues in favor of Idaho Power's proposed Schedule 74, while the Companies oppose the schedule. Staff recommends that, for QFs above the eligibility cap, that the renewable energy credits transfer to the utility, while the Companies believe that the RECs are the private property of the QF developers. The Companies advocate for inclusion of capacity each year, alteration of the Integrated Resource Plan only for gas price changes, inclusion of the cost of carbon credits in avoided costs, and exclusion of "merely mentioned" possible future QFs. Staff does not concur with these proposals. The Companies propose as a reasonable security deposit a rolling average "mark to market" calculation of delay damages, while Staff proposes continuation of the current *ad hoc* calculation without change.

6. Statement of Recommendation

The Companies recommend the Commission adopt their proposed findings, which include:

1. Establishing an eligibility cap of 10 MW for all PURPA projects;
2. Maintaining a maximum contract term of twenty years;
3. Allowing avoided costs to be determined by a third-party simulation model, such as AURORA, if two computer simulations are run;

4. Allowing avoided cost energy updates between IRP publications, only for gas price updates, and signed QF contracts, but only once per year;
5. Including carbon costs in the calculation of avoided costs;
6. Determining avoided capacity costs for each utility, based on that utility's need for capacity;
7. Not including capacity payments when capacity is not needed, but include capacity payments in the first year of need;
8. Paying for avoided capacity only for the peak months (not single month) and on-peak hours of each utility;
9. Rejecting Idaho Power's proposed schedule 74; and
10. Allowing the QF developers to own the RECs associated with their renewable energy project.

The Companies' proposed findings address issues of concern for customers of IPC, as well as the public interest. All customers, regardless of class, share a strong interest in ensuring Idaho utilities acquire power pursuant to rules that are fair, are accurate, and conform to applicable laws. The proposals listed above allow for the appropriate price changes to avoided cost rates, while also ensuring that when Idaho's investor-owned utilities need additional energy and capacity, there is a viable small-hydro industry ready to be the "but-for" provider to those utilities.

In addition, the involvement of Idaho's canal system in the production of inexpensive renewable energy provides a multiplier effect into the local economy in various ways: the power payment goes into the local economy by relieving assessments against shareholders and members, which strengthens local economies and enhances local agriculture while simultaneously leaving ratepayers indifferent to energy payments that would have otherwise not have been so locally beneficial.

The Companies' recommendation regarding RECs ensures the answer to this question conforms to applicable law, and thus, if adopted, will reduce the likelihood of further legal challenges and increased costs to Idaho ratepayers.

Finally, while not directly related to utility customers, the Companies' recommendation addresses an issue of concern for all Idahoans interested in fostering renewable energy development in this state. All customers share a strong interest in ensuring Idaho investor-owned utilities operate their existing resources so as to find the least cost, most reliable solution to meet their legal obligations to serve Idaho consumers.

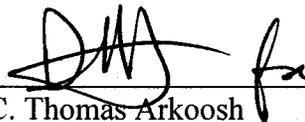
7. Statement Showing Class of Customer

The Companies' members are residential and small commercial customers of Idaho Power and Rocky Mountain Power, as well as QFs falling within the purview of Section 210 of PURPA allowing for sale and purchase of energy from investor-owned utilities.

WHEREFORE, the Companies respectfully request the Commission grant this application.

DATED this 20th day of August, 2012.

CAPITOL LAW GROUP, PLLC



C. Thomas Arkoosh

Attorneys for Twin Falls Canal Company, North Side Canal Company, Big Wood Canal Company and American Falls Reservoir District No. 2

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 20th day of August, 2012, I served a true and correct copy of the foregoing upon each of the following individuals by causing the same to be delivered by the method and to the addresses indicated below:

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C. Thomas Arkosh

Exhibit A

Task: Prepare direct testimony and rebuttal; respond to counsel questions and discovery; propound discovery; advise counsel; present self for cross-examination.

Fees:	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
Donald Schoenbeck	269	\$ 205	\$ 55,145
Robynn L. Woodbury	2	150	300
			<u>Total: \$ 55,445</u>