

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

<b>IN THE MATTER OF THE COMMISSION'S</b>	)	
<b>REVIEW OF PURPA QF CONTRACT</b>	)	<b>CASE NO. GNR-E-11-03</b>
<b>PROVISIONS INCLUDING THE</b>	)	
<b>SURROGATE AVOIDED RESOURCE (SAR)</b>	)	
<b>AND INTEGRATED RESOURCE PLANNING</b>	)	
<b>(IRP) METHODOLOGIES FOR</b>	)	<b>INTERLOCUTORY</b>
<b>CALCULATING PUBLISHED AVOIDED</b>	)	<b>ORDER NO. 32498</b>
<b>COST RATES.</b>	)	

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On September 1, 2011, the Commission initiated this proceeding to review the terms of PURPA power purchase agreements including, but not limited to, the surrogate avoided resource (SAR) and Integrated Resource Planning (IRP) methodologies for calculating avoided cost rates. Order No. 32352. On November 2, 2011, the Commission issued a Notice of Scheduling outlining the procedural schedule for the case and the case has been proceeding according to schedule established by the Commission. Order No. 32388

On March 12, 2012, Idaho Power Company filed a Motion for a Temporary Stay of its Obligation to Enter into New Power Purchase Agreements with Qualifying Facilities other than pursuant to its Schedule 86. Idaho Power requests that the Commission find that (1) the evidence set forth in GNR-E-11-03 establishes *prima facie* proof that Idaho Power's current avoided cost rates are not accurate; (2) without adequate interim relief from its duty to purchase output from QFs at inaccurate avoided cost rates, Idaho Power's customers are likely to suffer substantial harm; (3) the balance of harms favors granting interim relief compared to not granting such relief; and (4) good cause exists to grant immediate relief on an interim basis. Idaho Power's Motion was accompanied by an Affidavit of Randy Allphin. On March 15, 16, and 20, 2012, Idaho Power also filed the Affidavits of Lisa Grow, Mark Stokes, Karl Bokenkamp, William Hieronymus and Tessia Park in support of its Motion. Idaho Power requests that a stay become effective March 15, 2012.

PacifiCorp dba Rocky Mountain Power filed a Request to Join and Response to Idaho Power's Motion. The Idaho Conservation League, Snake River Alliance, Exergy, and J.R. Simplot Company each filed responses in opposition to Idaho Power's Motion and asked that the request for a stay be dismissed in its entirety.

Idaho Power's Motion for Stay was considered at the Commission's March 19, 2012, decision meeting. In response to the Motion, the Commission determined to convene a hearing for oral argument on Wednesday, March 21, 2012, and appropriate notice was provided to the parties. IDAPA 31.01.01.321 and .325. On March 20, 2012, a late Petition to Intervene was filed by Energy Integrity Project, asserting that granting late intervention will not disrupt the proceedings or prejudice any other party because "this Intervenor will not raise additional issues and . . . the matter has not yet proceeded to filing of testimony." Energy Integrity Project Petition to Intervene, p. 2. The Commission determined to grant Energy Integrity Project's Petition to Intervene at the hearing on March 21, 2012. No other party objected to the Petition, and Energy Integrity Project averred it will not raise new issues or otherwise delay the proceedings.

### **FINDINGS AND CONCLUSIONS**

The Idaho Public Utilities Commission has jurisdiction over Idaho Power, an electric utility, and the issues raised in this matter pursuant to the authority and power granted it under Title 61 of the Idaho Code and the Public Utility Regulatory Policies Act of 1978 (PURPA). The Commission has authority under PURPA and the implementing regulations of the Federal Energy Regulatory Commission (FERC) to set avoided costs, to order electric utilities to enter into fixed-term obligations for the purchase of energy from qualified facilities (QFs) and to implement FERC rules.

Based on the record and positions presented by the parties, Idaho Power's Motion for Temporary Stay is denied. We also find, however, as stated on the record at the conclusion of the March 21, 2012, hearing, that the methodologies previously approved by this Commission, as utilized and applied by Idaho Power, do not currently produce rates that reflect Idaho Power's avoided costs and are not just and reasonable, nor in the public interest. Effective March 21, 2012, and continuing until altered or amended by Order of the Commission at the conclusion of this case, contracts for all projects over 100 kW entered into by Idaho Power and presented to this Commission for approval will be individually evaluated with regard to all terms contained therein. As contracts are negotiated and presented to the Commission for approval, parties should keep in mind that FERC regulations require that the avoided cost rates for all QF purchases be just and reasonable to utility customers and in the public interest, and not discriminate against qualifying cogeneration and small power production facilities. 18 C.F.R. §

292.304(a)(1). Further, utilities are required to purchase QF generation at a rate equal to the utility's avoided cost. 18 C.F.R. 292.304(b)(2). The Commission's case-by-case review will ensure QF purchase agreements satisfy these and other FERC requirements.

### **ORDER**

IT IS HEREBY ORDERED that the Petition to Intervene filed by Energy Integrity Project is granted.

IT IS FURTHER ORDERED that all parties in this proceeding serve all papers hereafter filed in this matter on all parties of record. This Intervenor is represented by the following for purposes of service:

Tauna Christensen  
Energy Integrity Project  
769 N 1100 E  
Shelly, ID 83274  
E-mail: [tauna@energyintegrityproject.org](mailto:tauna@energyintegrityproject.org)

IT IS FURTHER ORDERED Idaho Power's Motion for Temporary Stay is denied.

THIS IS AN INTERLOCUTORY ORDER. Any person interested in this Order may file a petition for review within twenty-one (21) days of the service date of this Order with regard to any matter decided in this Order. After any person has petitioned for review, any other person may file a cross-petition within seven (7) days. *See* IDAPA 31.01.01.321 through 325.

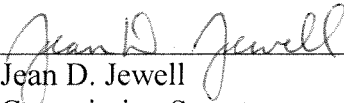
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 22<sup>nd</sup>  
day of March 2012.

  
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PAUL KJELLANDER, PRESIDENT

  
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MACK A. REDFORD, COMMISSIONER

  
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MARSHA H. SMITH, COMMISSIONER

ATTEST:

  
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Jean D. Jewell  
Commission Secretary

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