

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)
OF IDAHO POWER COMPANY FOR) **CASE NO. IPC-E-14-40**
APPROVAL OR REJECTION OF THE)
AMENDMENTS TO VARIOUS FIRM)
ENERGY SALES AGREEMENTS) **ORDER NO. 33192**
REGARDING THE MID-C MARKET INDEX.)
_____)

Idaho Power filed an Application with the Commission on November 25, 2014, requesting that the Commission issue an Order approving amendments to three Firm Energy Sales Agreements (FESAs, Agreements) between Idaho Power and PURPA qualifying facilities (QFs). Idaho Power states that these amendments are virtually identical, and address the same issue as those submitted and approved as part of the settlement stipulation in Case No. IPC-E-13-25 and the approved amendments in Case Nos. IPC-E-14-21 and IPC-E-14-37.

By this Order, we approve the Amendments to the Agreements between Idaho Power and (1) Tiber Montana (Order No. 29232); (2) Idaho Water Resource Board (Order No. 29766); and (3) Idaho Water Resource Board (Order No. 29767) for the sale and purchase of electric energy.

THE APPLICATION

As a preliminary matter, on February 18, 2005, Pristine Springs, Inc., entered into two separate Firm Energy Sales Agreements with Idaho Power (Agreements 2 and 3). The Agreements were approved by the Commission on April 25, 2005. On April 4, 2008, Pristine Springs and Idaho Water Resource Board entered into an Assignment and Assumption of Agreements, Permits and Licenses providing for, among other things, assignment of all rights, titles and interest of Pristine Springs under the Original Agreement. Upon Commission approval of the amendments in this case, Idaho Power consents to the substitution of Idaho Water Resource Board for Pristine Springs in each of the Agreements.

Idaho Power states that each of the three Agreements contains 90/110 firmness requirements that apply a “Market Energy Cost” price to energy deliveries that do not meet the 90/110 requirements. The FESAs define market energy cost with reference to the Dow Jones Mid-Columbia Index prices for non-firm energy. Idaho Power states that the Agreements’

provisions for surplus energy and market energy cost generally correlate to Idaho Power's Schedule 86, Cogeneration and Small Power Production Non-Firm Energy.

The Dow Jones Mid-Columbia Index was discontinued by the publisher as of October 2013. Case No. IPC-E-13-25 was initiated to address a replacement market index reference for the non-firm energy price utilized in Idaho Power's Schedule 86. The parties to IPC-E-13-25 executed a settlement stipulation, approved by the Commission in Order No. 33053, which sets forth reference to the Intercontinental Exchange (ICE) Mid-Columbia index prices, with a revised formula for calculating the non-firm price in Schedule 86. In addition, the parties to IPC-E-13-25 agreed to amend the FESAs between Idaho Power and each intervening party to reference the ICE index using the same language as, and consistent with, the Schedule 86 language agreed upon in the stipulation. In approving the stipulation, the Commission stated "We also find it reasonable to allow any additional existing PURPA QFs that currently have a contract with Idaho Power containing reference to the Dow Jones non-firm Mid-C electricity price index, should they so choose, to amend their respective agreements consistent with the terms of this Settlement Stipulation and similar to the contract amendments approved by this Order." Order No. 33053 at 4.

Idaho Power and each QF have agreed to amend their FESAs to include the reference to the ICE index and revised formula that was adopted for Schedule 86 in Case No. IPC-E-13-25. The Amendments set forth, virtually verbatim, the provisions from Schedule 86 to define "Market Energy Cost" and/or "Mid-Columbia Market Energy Cost" as appropriate for each Agreement.

Pursuant to the FESAs which require both parties to agree upon a replacement index should the Dow Jones index be discontinued, an effective date of October 2013 for use of the ICE index and calculation referenced in the Amendments is requested. Idaho Power explains that this would provide for use of the agreed upon ICE index from the time the Dow Jones index was discontinued.

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. The Commission is also empowered to resolve complaints between QFs and utilities and approve QF contracts.

Staff reviewed Idaho Power's Application and the pertinent Agreements. Staff reiterated that, prior to the filing of the 13-25 case, McGraw Hill Financial, the publisher of both the Dow Jones and Platts indices, provided notice to Idaho Power that it was discontinuing publication of the Dow Jones non-firm index and transitioning to use of the Platts non-firm index. Idaho Power's Schedule 86 and a number of power purchase/energy sales agreements (PPAs) contain language with reference to the Dow Jones Mid-C in determining an "Avoided Energy Cost." The pertinent PPAs state that, "If the Dow Jones Mid-Columbia Index price is discontinued by the reporting agency, both Parties [to the contract] will mutually agree upon a replacement index, which is similar to the Dow Jones Mid-Columbia Index."

The parties to the 13-25 case entered into a settlement stipulation that agreed to an acceptable substitution for the discontinued Dow Jones index – to be applied to both Idaho Power's Schedule 86 and the power purchase/energy sales agreements of QFs who were parties in the 13-25 case. The Commission approved the settlement stipulation by Order No. 33053 and specifically found it reasonable for any existing PURPA QFs that currently have a similar contract with Idaho Power to amend their respective agreements consistent with the terms of the settlement stipulation. Order No. 33053 at 4.

We find that the language in each of the three Amendments is consistent with the terms and conditions approved by the Commission in Order No. 33053. We further find that an effective date of October 2013 is appropriate. Based on the Commission's prior determination of reasonableness in IPC-E-13-25 and corresponding terms and conditions in the proposed Amendments, we approve the Amendments without further process. We further acknowledge (based on consent by all parties to the contracts) the substitution of Idaho Water Resource Board for Pristine Springs in Agreements 2 and 3.

ORDER

IT IS HEREBY ORDERED that the Amendments to the Agreements between Idaho Power Company and Tiber Montana (Order No. 29232); Idaho Water Resource Board (Order

No. 29766); and Idaho Water Resource Board (Order No. 29767) are approved without further process.

THIS IS A FINAL ORDER. Any person interested in this Order may petition for reconsideration within twenty-one (21) days of the service date of this Order. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. See *Idaho Code* § 61-626.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 16th day of December 2014.



PAUL KJELLANDER, PRESIDENT

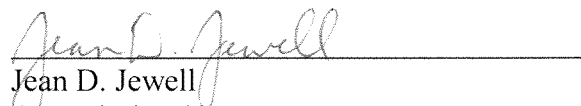


MACK A. REDFORD, COMMISSIONER



MARSHA H. SMITH, COMMISSIONER

ATTEST:



Jean D. Jewell
Commission Secretary

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