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Attorney for the Commission Staff

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION OF)	
IDAHO POWER COMPANY TO AMEND)	CASE NO. IPC-E-08-5
SCHEDULE 72 – INTERCONNECTIONS TO)	
NON-UTILITY GENERATION)	
)	COMMENTS OF THE
)	COMMISSION STAFF
)	

COMES NOW the Staff of the Idaho Public Utilities Commission, by and through its attorney of record, Scott Woodbury, Deputy Attorney General, and in response to the Notice of Application, Notice of Modified Procedure and Notice of Comment/Protest Deadline issued on April 2, 2008, submits the following comments.

BACKGROUND

On March 18, 2008, Idaho Power Company (Idaho Power; Company) filed an Application with the Idaho Public Utilities Commission (Commission) proposing additional language for inclusion in its Schedule 72 – Interconnections to Non-Utility Generation tariff. The Company's filing is in response to the Commission's directive in Order No. 30493 issued on January 31, 2008 in Case No. IPC-E-07-13 (Exergy v. Idaho Power) wherein the Commission stated:

The additional language [to the Company's Schedule 72 tariff] should describe in general the three-step study process that the Company follows including (1) opportunities to pay for additional required studies on incremental amounts, (2) opportunities to exit the interconnection process, and (3) opportunities to qualify for and provide alternative financial guarantees in lieu of full prepayment of the initial cost estimate.

Order No. 30493 pp. 6-7. The subject matter of Exergy's complaint in Case No. IPC-E-07-13 was Idaho Power's requirements for generation interconnection for qualifying facilities (QFs) under the Public Utility Regulatory Policies Act of 1978 (PURPA).

As defined by the Company, the non-utility "generator interconnection process" is the Company's generation facility interconnection application, engineering review and construction process. The intent of the generator interconnection process is to ensure a safe and reliable generation interconnection and compliance with all applicable regulatory requirements, good utility practices, and national safety standards. The language submitted by the Company includes further description of the generator interconnection process including the application stage and the three-step study process (i.e., the feasibility study; the system impact study and the facility study). The Company's tariff proposal also sets forth the payment and security requirements for the costs of interconnection.

STAFF ANALYSIS

With its Application, Idaho Power submits proposed language additions to its Schedule 72 that address those issues identified by the Commission in Order No. 30493. Staff has reviewed the Company's proposed changes to the tariff and identifies three concerns: 1) Staff believes the Schedule 72 tariff should include language stating that the Company's FERC-approved Large Generator Interconnection Procedures and Small Generator Interconnection Procedures posted on Idaho Power's website will apply for all generator interconnection requests except as modified by the provisions of Schedule 72; 2) Deposit requirements for interconnection studies for projects 30 MW and larger should be clearly stated in Schedule 72, and 3) Staff believes language should be inserted in Schedule 72 stating that interconnection customers must pay the full cost of all required interconnection studies, and that a deposit sufficient to cover the cost of the studies must be maintained in order for Idaho Power to continue to perform work on the studies.

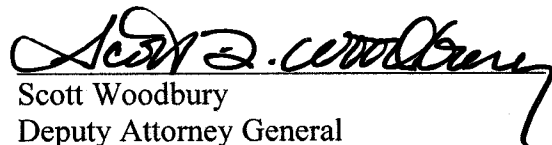
Staff discussed its concerns with Idaho Power and offered suggested language changes. After some consultation, Idaho Power and Staff developed revised tariff language that is acceptable to both parties. A redline version of tariff pages incorporating the revised language is attached.

Besides language additions to the tariff intended primarily for clarification purposes, the only other material change being proposed by Idaho Power is a reduction in the deposit requirements for Facility Studies. The proposed maximum deposit amount is less than the maximum deposit the Company previously charged. This lesser deposit amount is based on recent analysis in which Idaho Power reviewed the actual costs of constructing small generation interconnections. Staff reviewed the Company's analysis and agrees that a lesser maximum deposit amount is warranted, provided language is added to the tariff authorizing Idaho Power to require that a deposit sufficient to cover the cost of the studies must be maintained during the course of preparation of the study. Such language has been included in the attached revised tariff pages.

STAFF RECOMMENDATIONS

Staff believes that the revised tariff pages developed jointly by Idaho Power and Staff, combined with the unrevised tariff pages included in the Company's initial Application, comport with the Commission's directives in Order No. 30493. Staff recommends approval of the amendments to Schedule 72 as proposed by Idaho Power and as jointly modified by Staff and the Company. Staff recommends an immediate effective date.

Respectfully submitted this *25th* day of April 2008.


Scott Woodbury
Deputy Attorney General

Technical Staff: Rick Sterling

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SCHEDULE 72
INTERCONNECTIONS TO
NON-UTILITY GENERATION
(Continued)

DEFINITIONS (Continued)

Vested Interest is the claim for refund that a Seller or Additional Applicant holds in a specific portion of Company-owned Interconnection Facilities. The Vested Interest expires 5 years from the date the Company completes construction of its portion of the Interconnection Facilities unless fully refunded earlier. Vested Interests do not apply to Schedule 84 net metering projects.

GENERATOR INTERCONNECTION PROCESS

(a) Seller shall pay the actual costs of all required interconnection studies. Any difference between the deposit (if required) and the actual cost of the study shall be paid by or refunded to Seller, as appropriate. If, during the course of preparing a study, the Company incurs costs in excess of the deposit amount, the Company may require that the deposit amount be replenished in an amount equal to the estimated costs for completion of the study. If a deposit amount sufficient to pay for completion of the study is not maintained, the Company may suspend work on the study.

(b) Unless modified by the provisions of this schedule, the FERC-approved Large Generator Interconnection Procedures and Small Generator Interconnection Procedures posted on the Company's website will apply to the Generator Interconnection Process.

(c) The deposit amounts for Generation Facilities up to 30 MW are specified in this schedule. Deposit amounts for Generation Facilities larger than 30 MW are covered by the FERC-approved Large Generator Interconnection Procedures posted on the Company's website.

(d) Application. The Seller will submit a completed interconnection application in the form posted on the Company's website. The application form includes a general description of the Generation Facility and its location. The application includes payment of an application fee to be applied against costs the Company incurs to perform the Feasibility Study described below. The amount of the application fee is \$1,000 for a Generation Facility up to 30 MW.

(e) Study Agreements. If the Seller desires to proceed beyond the Application stage, the Seller will be offered a series of study agreements. The individual study agreements establish the time to perform the study and the deposit the Seller is to provide prior to commencement of the study. The deposit amount may be waived if a Seller meets the Company's credit worthiness standards for unsecured credit specified in Attachment L to the Company's OATT. The studies consist of:

- 1) The Feasibility Study: The Feasibility Study includes a general review of project impact, e.g. exceeding equipment capabilities and violation of electrical performance requirements. The Feasibility Study Agreement states that no deposit is required, since the deposit is covered by the application fee.
- 2) The System Impact Study: The System Impact Study provides a detailed assessment of the distribution and/or transmission system adequacy to accommodate the Generation Facility through the evaluation of equipment capabilities and electrical performance

requirements. This step may not be necessary for some projects depending on the size and location of the project. The System Impact Study Agreement includes a deposit of \$2,000 for a distribution system impact study or a \$10,000 deposit for a transmission system impact study.

- 3) The Facility Study: The Facility Study includes the engineering to determine the design specifications of the project. The Facility Study Agreement includes a deposit of 5% of the total project costs that were determined in the System Impact Study Report ("SISR") or the Feasibility Study Report if a SISR is not required, capped at \$30,000.

At the end of each stage of the three-step study process, the Company will provide the Seller with an increasingly more refined and detailed report that, among other things, will present a list of required Interconnection Facilities and a non-binding, good faith estimate of Seller's cost responsibility for the Interconnection Facilities. If long-lead time equipment items need to be ordered to meet Seller's construction schedule, the Company will request advance funding by the Seller to cover these equipment costs.

(c) Generator Interconnection Agreement. The Generator Interconnection Agreement ("GIA"), will be offered to Seller following completion of the Facility Study. The GIA will utilize the Uniform Interconnection Agreement template included in this schedule.

COST OF INTERCONNECTION FACILITIES

All Interconnection Facilities provided under this schedule will be valued at the Company's Construction Cost and/or the Transfer Cost for vesting purposes as well as for operation and maintenance payment obligations.

PAYMENT FOR INTERCONNECTION FACILITIES

Unless specifically agreed otherwise by written agreement between the Seller and the Company, the Seller will pay all costs of interconnecting a Generation Facility to the Company's system. Costs of interconnection include the costs of furnishing and constructing required Interconnection Facilities and Upgrades.

Each request for interconnection will go through the Generator Interconnection Process. Throughout the Generator Interconnection Process, the Company will periodically bill the Seller for costs incurred. Failure to pay an invoice within the time specified in the invoice will result in suspension of work on the interconnection and if the suspension of work extends beyond 30 calendar days, the Generation Facility will be removed from the interconnection queue. Seller can end the Generator Interconnection Process at any time. If Seller decides to end the Generator Interconnection Process prior to completion, the Company will either refund any monies held for security that have not been spent or obligated, or issue an invoice to Seller for costs incurred prior to cancellation.

SECURITY FOR PAYMENT OF INTERCONNECTION COSTS

Sellers will provide adequate security for payment of the costs of the Generator Interconnection Process. Adequate security for Generation Facilities larger than 30 MW can be provided in accordance with the Large Generator Interconnection Procedures contained in Attachment M to the Company's OATT. Adequate security for Generation Facilities up to 30 MW can be provided in one of the following ways:

Attachment I
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Staff Comments
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1. Sellers that meet the Company's credit worthiness standards for unsecured credit are not required to provide additional security. The Company's minimum credit standards for unsecured credit are described in Attachment L to the OATT.

2. Sellers that do not meet the credit worthiness standards for unsecured credit will be notified of the reason for the determination and shall be given the option to provide alternative security acceptable to Idaho Power. In lieu of providing a cash deposit, Seller may establish an escrow account, provide a letter of credit or provide guarantee of payment by another person or entity which meets the credit worthiness standards for unsecured credit. Arrangements for alternative security must be acceptable to Idaho Power.

CONSTRUCTION AND OPERATION OF INTERCONNECTION FACILITIES

All Seller-Furnished Interconnection Facilities will be constructed and maintained in a manner to be in full compliance with all good utility practices, National Electric Safety Code, and all other applicable Federal, state, and local safety and electrical codes and standards at all times.

The Seller shall:

1. Submit proof to the Company that all licenses, permits, inspections and approvals necessary for the construction and operation of the Seller's Generation and Interconnection Facilities under this schedule have been obtained from applicable Federal, state, or local authorities.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 25TH DAY OF APRIL 2008, SERVED THE FOREGOING **COMMENTS OF THE COMMISSION STAFF**, IN CASE NO. IPC-E-08-5, BY MAILING A COPY THEREOF, POSTAGE PREPAID, TO THE FOLLOWING:

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SECRETARY

CERTIFICATE OF SERVICE