

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

<b>IN THE MATTER OF THE APPLICATION</b>	)	
<b>OF IDAHO POWER COMPANY FOR A</b>	)	<b>CASE NO. IPC-E-11-10</b>
<b>DETERMINATION REGARDING THE</b>	)	
<b>FIRM ENERGY SALES AGREEMENT</b>	)	
<b>WITH INTERCONNECT SOLAR</b>	)	<b>ORDER NO. 32361</b>
<b>DEVELOPMENT, LLC FOR THE SALE</b>	)	
<b>AND PURCHASE OF ELECTRIC ENERGY</b>	)	

On June 17, 2011, Idaho Power Company filed an Application with the Commission requesting acceptance or rejection of a 25-year Firm Energy Sales Agreement (Agreement) between Idaho Power and Interconnect Solar Development LLC (Interconnect Solar; Project). The Application states that Interconnect Solar would sell and Idaho Power would purchase electric energy generated by the Interconnect Solar photovoltaic solar generating facility (Facility) located near Murphy, Idaho.

On July 8, 2011, the Commission issued a Notice of Application and Notice of Modified Procedure setting a comment deadline of August 4, 2011, and a reply comment deadline of August 11, 2011. Order No. 32290. Staff made two motions to adjust the comment deadlines in order to allow for adequate review of the Agreement. The Commission subsequently approved a modified comment deadline of September 9, 2011, with reply comments due by September 16, 2011. Order No. 32347.

The Application states that energy prices in this Agreement are derived from Idaho Power's AURORA economic dispatch model for this Facility's estimated energy shape as specified by Commission requirements for the IRP-based avoided cost methodology. Application at 5. In preparing responses to Staff's production requests in this case, Idaho Power identified errors in its computations to determine the capacity component of the rates. The current levelized price within the Agreement calculates to be \$105.15. Upon review of its calculations, Idaho Power discovered that an inappropriate escalation rate had been applied to the 2009 IRP combined-cycle combustion turbine (CCCT) capital cost used in this PURPA IRP pricing model. Staff Comments at 3, Idaho Power Reply at 3. Correction of the CCCT capital cost component results in a calculated levelized price of \$94.59. Staff agrees that the revised calculations are correct. Interconnect Solar maintains that other concessions made by the project

during contract negotiations more than make up for the computational error. Interconnect Solar Reply at 15-17.

### **DISCUSSION**

The Idaho Public Utilities Commission has jurisdiction over Idaho Power Company, 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 has reviewed the record in this case, including the Application, the Agreement, and the comments of the parties and the public. As the parties have all acknowledged, a computation error was made in the escalation rate that was applied to the CCCT capital cost component from the 2009 IRP that was carried through and used in the IRP pricing model for the Interconnect Solar project. Interconnect Solar urges the Commission to overlook the computation error in light of the totality of the Agreement. However, this Commission would not be fulfilling its role of ensuring just and reasonable rates if it approved an Agreement that contained a known computation error. *Idaho Code* §§ 61-301, 61-502. In other words, we are unable to approve the Agreement that is presently filed with the Commission due to a mathematical error.

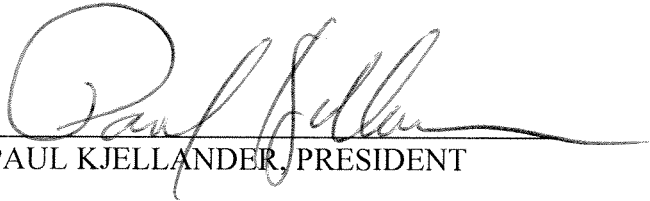
We recognize Interconnect Solar's desire for swift approval of its Agreement by this Commission. In an effort to work within the project's constrained timelines, we will allow Idaho Power and Interconnect Solar seven (7) days from the date of this Order to resubmit their Firm Energy Sales Agreement with accurate calculations prior to making a final determination regarding the Agreement. Based on the record established by the parties at the conclusion of the seven (7) days, the Commission will proceed with deliberations and issue its final Order regarding approval or disapproval of the Agreement.

### **ORDER**

IT IS HEREBY ORDERED that Idaho Power and Interconnect Solar be allowed seven (7) days from the date of this Order to resubmit their Firm Energy Sales Agreement with

accurate calculations prior to the Commission making a final determination regarding the Agreement.

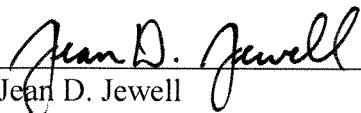
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 20<sup>th</sup> day of September 2011.

  
PAUL KJELLANDER, PRESIDENT

  
MACK A. REDFORD, COMMISSIONER

  
MARSHA H. SMITH, COMMISSIONER

ATTEST:

  
Jean D. Jewell  
Commission Secretary

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