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Attorney for the Commission Staff

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

**IN THE MATTER OF IDAHO POWER )**  
**COMPANY'S PETITION FOR AN )**  
**ACCOUNTING ORDER TO ESTABLISH )**  
**RATEMAKING TREATMENT OF )**  
**QUALIFYING REPORTING ENTITY )**  
**CONTRACTS. )**  
**CASE NO. IPC-E-11-21**  
**COMMENTS OF THE**  
**COMMISSION STAFF**

**COMES NOW** the Staff of the Idaho Public Utilities Commission, by and through its Attorney of record, Weldon B. Stutzman, Deputy Attorney General, and in response to the Notice of Filing and Notice of Modified Procedure issued in Order No. 32400 on November 18, 2011, submits the following comments.

**BACKGROUND**

On October 31, 2011, Idaho Power Company filed a Petition requesting a Commission Order modifying and continuing ratemaking processes set forth in Commission Order No. 30941 issued November 5, 2009, regarding the voluntary qualified reporting entity (QRE) services the Company provides. The Company's Petition addresses accounting for renewable energy credits (RECs) through an independent inventory tracking system as recommended by the Western Energy Coordinating Council (WECC). The tracking system is the Western Renewable Electricity Generation Information System (WREGIS) and is designed to ensure that (1) only one REC is

created for each megawatt-hour generated from a qualifying renewable energy project, (2) each individual REC is only used for one purpose, and (3) provides a system that allows both the generation units creating RECs and users of the RECs to communicate specific REC requirements. The WREGIS system does not track the financial value of the RECs but instead tracks the creation and disposition of the individual REC certificates.

The Company's Petition states that the WREGIS process requires that a party, independent from the owner of the renewable generation unit, supply WREGIS with the actual monthly megawatt-hour that a renewable generation unit has delivered. The independent party is called a qualified reporting entity (QRE). Idaho Power has been approved as a QRE by the WREGIS administrator.

Idaho Power's identification as a QRE came about through a case resolved in front of the Oregon Public Utilities Commission in 2009. The Oregon Commission approved a memorandum of understanding between its staff and the utilities in which the utilities agreed to voluntarily provide QRE services for approximately two years so long as the cost to perform the services was fully compensated by the party requesting the QRE service.

In May 2009, Idaho Power filed a request with this Commission for approval of accounting and ratemaking treatment of expenses and revenues associated with providing voluntary QRE services as outlined in the agreement approved by the Oregon Commission. On November 5, 2009, this Commission issued an accounting Order approving the Company's proposed accounting and ratemaking processes through the two-year review process established in Oregon. The Commission also directed the Company to file an analytical report on the QRE services to facilitate the review of the above-the-line ratemaking treatment for those services. The Company's analytical report is attached to the Petition in this case.

Idaho Power in its Petition requests the Commission authorize the Company to continue the accounting and ratemaking treatment processes previously approved for an indefinite period of time.

## **STAFF REVIEW**

Staff has reviewed the analytical report and documentation of the program since 2009. Idaho Power is an approved QRE by the WREGIS administrator. As of September 30, 2011, Idaho Power has 26 client contracts within the Idaho Power Balancing Authority area, 25 generator plants are in Idaho, and 1 generator plant is in Oregon.

The original Memorandum of Understanding on the voluntary QRE process was filed with the Oregon Public Utilities Commission and approved in 2009. On March 15, 2011, interested parties

met to review the success of the voluntary program. The QREs reported that costs were near what they anticipated and providing the services did not add significantly to the workload at current usage. The Parties agreed the provision of QRE service on a voluntary basis went well over the last two years. The Parties agreed to continue the status quo and close the Oregon docket with two conditions (identified below).

The Idaho Public Utilities Commission approved the accounting and ratemaking process for Idaho Power in 2009 for the two-year review period. After review, Staff believes the accounting and ratemaking process has worked as anticipated. Actual costs are recorded to work orders. The average work order costs are used to establish the fees charged clients. Once the program was established, the average cost declined and rates charged were reduced. Idaho Power reviews the average cost each January and updates the fees the following March. The fees charged covered the actual costs incurred during the two-year review period so ratepayers were not harmed by the program. Staff believes these QRE processes are reasonable and should be continued.

#### **STAFF RECOMMENDATION**

The Company requests Commission approval of its request to continue the processes related to the QRE services indefinitely with the following conditions, which have been approved by the Oregon Commission: (a) Idaho Power will notify the Commission and all entities using QRE services of its intent to discontinue providing voluntary QRE service 90 days in advance of the proposed discontinuance; and (b) Idaho Power will provide data regarding QRE service, subject to protection of confidential information, if requested by the Commission.

Staff recommends an Accounting Order be issued approving Idaho Power's request to authorize the Company to continue the accounting and ratemaking treatment previously approved for an indefinite period of time with the above conditions.

Respectfully submitted this *9th* day of December 2011.



Weldon B. Stutzman  
Deputy Attorney General

Technical Staff: Terri Carlock  
i:umisc:comments/ipce11.21wstc comments

## CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 9<sup>TH</sup> DAY OF DECEMBER 2011, SERVED THE FOREGOING **COMMENTS OF THE COMMISSION STAFF**, IN CASE NO. IPC-E-11-21, BY E-MAILING AND MAILING A COPY THEREOF, POSTAGE PREPAID, TO THE FOLLOWING:

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