

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)
OF IDAHO POWER COMPANY FOR A) CASE NO. IPC-E-11-27
DETERMINATION REGARDING ITS FIRM)
ENERGY SALES AGREEMENT WITH)
RIVERSIDE INVESTMENTS, LLC.) ORDER NO. 32451
)

On December 6, 2011, Idaho Power Company filed an Application with the Commission requesting acceptance or rejection of a 20-year Firm Energy Sales Agreement (Agreement) between Idaho Power and Riverside Investments, LLC (Riverside). The Application states that Riverside would sell and Idaho Power would purchase electric energy generated by the Fargo Drop hydroelectric project (Facility) located near Homedale, Idaho. Idaho Power asked that its Application be processed by Modified Procedure.

On December 27, 2011, the Commission issued a Notice of Application/Notice of Modified Procedure and established comment deadlines. Order No. 32422. Staff was the only person or party to file comments. By this Order, the Commission approves the Agreement between Idaho Power and Riverside Investments for the sale and purchase of electric energy.

THE AGREEMENT

The Application states that Riverside proposes to own, operate and maintain a 1.27 MW (maximum capacity, nameplate) generating facility. Application at 2. The Facility will be a QF under the applicable provisions of the Public Utility Regulatory Policies Act of 1978 (PURPA). The Agreement is for a term of 20 years and contains the published avoided cost rates established by Commission Order No. 32337. *Id.* The Agreement includes shared ownership of the renewable energy certificates (RECs) generated over the 20-year term of the Agreement. *Id.* at 3.

Riverside selected July 20, 2012, as its Scheduled First Energy Date and August 1, 2012, as its Scheduled Operation Date. *Id.* Idaho Power asserts that various requirements have been placed upon the Facility in order for Idaho Power to accept the Facility's energy deliveries. Idaho Power states that it will monitor the Facility's compliance with initial and ongoing requirements through the term of the Agreement. Riverside and Idaho Power have agreed to liquidated damage and security provisions. Agreement ¶¶ 5.3, 5.8.1.

The Application maintains that all applicable interconnection charges and monthly operation or maintenance charges under Schedule 72 will be assessed to Riverside. Idaho Power states that the Facility is currently in the generator interconnection process. “Upon resolution of any and all upgrades required to acquire transmission capacity for this Facility’s generation, and upon execution of the FESA and the GIA, this Facility may then be designated as a network resource.” *Id.* at 5.

Idaho Power states that the Facility has also been made aware of and accepted the provisions in the Agreement and Idaho Power’s approved Schedule 72 regarding non-compensated curtailment or disconnection of its Facility should certain operating conditions develop on Idaho Power’s system. The Application notes that the parties’ intent and understanding is that “non-compensated curtailment would be exercised when the generation being provided by the Facility in certain operating conditions exceeds or approaches the minimum load levels of [Idaho Power’s] system such that it may have a detrimental effect upon [Idaho Power’s] ability to manage its thermal, hydro, and other resources in order to meet its obligation to reliably serve loads on its system.” Application at 6.

By its own terms, the Agreement will not become effective until the Commission has approved all of the Agreement’s terms and conditions and declares that all payments made by Idaho Power to Riverside for purchases of energy will be allowed as prudently incurred expenses for ratemaking purposes. Agreement ¶ 21.1.

STAFF COMMENTS

Staff noted that this Agreement contains terms and conditions that have become standard in many other existing PURPA contracts. The Agreement contains the non-levelized published avoided cost rates in accordance with Commission Order No. 32337. Some of Idaho Power’s more recent PURPA contracts have contained a sharing arrangement with regard to RECs. Under the terms of this Agreement, RECs would be split equally between Idaho Power and Riverside from the beginning of the contract through its 20-year term. Agreement ¶ 8.1.

Staff recommended that the Commission approve all of the Agreement’s terms and conditions and declare that all payments made by Idaho Power to Riverside for purchases of energy be allowed as prudently incurred expenses for ratemaking purposes.

DISCUSSION 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 has reviewed the record in this case, including the Application, the Agreement, and the comments of Commission Staff. The Agreement contains the non-levelized published avoided cost rates established by the Commission in Order No. 32337. As represented and pursuant to contract, under normal and/or average conditions the Facility will not exceed 10 aMW on a monthly basis. As such, we find that the Riverside project is qualified to receive the current non-levelized published avoided cost rates. We further find it reasonable to allow payments made under the Agreement as prudently incurred expenses for ratemaking purposes.

ORDER

IT IS HEREBY ORDERED that the Firm Energy Sales Agreement between Idaho Power and Riverside Investments is approved without change or condition.

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 1st
day of February 2012.



PAUL KJEILANDER, PRESIDENT

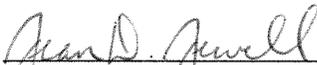


MACK A. REDFORD, COMMISSIONER



MARSHA H. SMITH, COMMISSIONER

ATTEST:



Jean D. Jewell
Commission Secretary

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