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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 FOR A ) CASE NO. IPC-E-11-27  
DETERMINATION REGARDING ITS FIRM )  
ENERGY SALES AGREEMENT WITH ) COMMENTS OF THE  
RIVERSIDE INVESTMENTS, LLC. ) COMMISSION STAFF  
\_\_\_\_\_ )**

**COMES NOW** the Staff of the Idaho Public Utilities Commission, by and through its Attorney of record, Kristine A. Sasser, Deputy Attorney General, and in response to the Notice of Application and Notice of Modified Procedure issued in Order No. 32422 on December 27, 2011, in Case No. IPC-E-11-27, submits the following comments.

**BACKGROUND**

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.

Riverside proposes to own, operate and maintain a 1.27 MW (maximum capacity, nameplate) generating facility. Application at 2. The Facility will be a Qualifying Facility (QF) under the applicable provisions of the Public Utility Regulatory Policies Act of 1978 (PURPA).

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.

## **STAFF ANALYSIS**

Staff has thoroughly reviewed the Agreement and finds that it contains terms and conditions that have become standard in many other existing PURPA contracts. With the exception of shared ownership of Renewable Energy Certificates (RECs), there are no other unique or noteworthy features of the Agreement.

Under terms of the Agreement, RECs would be split equally between Riverside and Idaho Power from the beginning of the contract through its 20-year term. Agreement ¶ 8.1. Some recent

PURPA contracts have contained a similar REC sharing arrangement, while others have split REC ownership 50-50 between the first ten years and the last ten years of the contract. In any case, the Commission has previously held that REC ownership is an acceptable negotiated term for all PURPA contracts.

The Agreement contains the non-levelized published avoided cost rates in accordance with Commission Order No. 32337. The monthly net energy amounts to be delivered to Idaho Power beginning in 2012 are also specified in the Agreement. However, it should be noted that because the First Energy Date for the Facility is not until the middle of the 2012 irrigation season (July 20), no monthly generation is shown in the Agreement for the months of April, May, and June. Agreement at ¶ 6.2.1, see attached. It should be recognized, however, that expected generation in April, May and June for years following 2012 will be 165,000, 550,000, and 725,000 kWhs, respectively. Ongoing monthly net energy amounts will be provided by Riverside to Idaho Power and will serve as references in determining Surplus Energy. Agreement at ¶ 1.34.

## RECOMMENDATIONS

Staff recommends 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 will be allowed as prudently incurred expenses for ratemaking purposes.

Respectfully submitted this 17<sup>TH</sup> day of January 2012.

  
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Kristine A. Sasser  
Deputy Attorney General

Technical Staff: Rick Sterling

i:umisc:comments/ipce11.27ksrps comments

## CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 17<sup>TH</sup> DAY OF JANUARY 2012, SERVED THE FOREGOING **COMMENTS OF THE COMMISSION STAFF**, IN CASE NO. IPC-E-11-27, BY MAILING A COPY THEREOF, POSTAGE PREPAID, TO THE FOLLOWING:

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