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UTILITIES COMMISSION

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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-13-02
DETERMINATION REGARDING ITS FIRM)	
ENERGY SALES AGREEMENT WITH)	COMMENTS OF THE
J.R. SIMPLOT COMPANY FOR THE SALE)	COMMISSION STAFF
AND PURCHASE OF ELECTRIC ENERGY.)	
)	

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. 32754 on February 28, 2013, in Case No. IPC-E-13-02, submits the following comments.

BACKGROUND

On February 20, 2013, Idaho Power Company filed an Application with the Commission requesting a determination regarding the Firm Energy Sales Agreement (FESA, Agreement) between Idaho Power and J.R. Simplot. The Application states that Simplot would sell and Idaho Power would purchase electric energy generated by Simplot's Pocatello cogeneration plant (Facility) located near Pocatello, Idaho.

Idaho Power states that this request is for a replacement Agreement applicable to an existing project. The current Agreement expired on March 1, 2013. The Application states that

PURPA QF generation must be designated as a network resource (DNR) to serve Idaho Power's retail load on its system. In order for this Facility to maintain its current DNR status, there must be an Agreement associated with its transmission service request (TSR) to maintain compliance with Idaho Power's non-discriminatory administration of its Open Access Transmission Tariff (OATT) and compliance with FERC requirements. A lapse of time between the Facility's expiring agreement and replacement firm energy sales agreement places its status as a DNR and its associated TSR in jeopardy. In order to provide for the continued and uninterrupted operation of the cogeneration Facility and its associated plant (to maintain DNR status), the parties requested interim approval of the Agreement while the Commission completes its review. The Commission granted interim approval on February 28, 2013, subject to adjustments, until such time as the Agreement is approved by a final Order of the Commission. *See* Order No. 32754.

STAFF ANALYSIS

Simplot has elected to contract with Idaho Power for a two-year term using non-levelized published avoided cost rates as currently established by the Commission for energy deliveries of less than 10 aMW. As a cogeneration plant, the Facility is classified within the "other" category of the published rates. The avoided cost rates contained in this Agreement are lower than the avoided cost rates contained in the expiring Agreement. Because the Facility is an existing QF whose previous contract with Idaho Power is expiring, this Agreement contains capacity payments for the entire term of the Agreement. Staff has reviewed the rates contained in the Agreement and confirms that they are in accordance with the current approved published avoided cost rates (Commission Errata to Order No. 32697 and Order No. 32737).

The nameplate rating of this Facility is 15.9 MW. Having chosen a published rate contract, Simplot will be required to provide data on the Facility that Idaho Power will use to confirm that under normal and/or average conditions, the Facility will not exceed 10 aMW on a monthly basis. The Facility has met this limitation in the past and is expected to continue to meet it going forward.

Under the terms of the Agreement, one hundred percent of the Environmental Attributes or Renewable Energy Certificates directly associated with the production of energy from the Facility are owned by Simplot. This is consistent with the requirements of Commission Order No. 32687 issued on December 18, 2012.

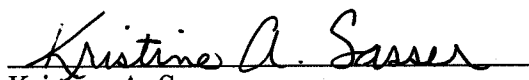
One element of the new replacement Agreement that distinguishes it from the prior contract is the insertion of language that excuses Idaho Power from accepting and paying for energy if curtailment is allowed by Section 210 of the Public Utilities Regulatory Policies Act of 1978 and 18 CFR §292.304. The prior contract referred to 18 CFR §292.304, but the reference to it in this Agreement is much more explicit.

One other minor language change from the prior agreement is that Mid-Columbia Market Energy Cost has been defined as the monthly volume weighted average of Dow Jones Mid-C index prices. The prior agreement did not specify that volume would be used to compute a weighted average, so this language change will help to clarify the calculation.

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 Simplot for purchases of energy will be allowed as prudently incurred expenses for ratemaking purposes.

Respectfully submitted this 21st day of March 2013.


Kristine A. Sasser
Deputy Attorney General

Technical Staff: Rick Sterling

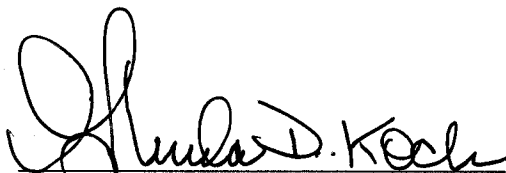
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CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 21ST DAY OF MARCH 2013, SERVED THE FOREGOING **COMMENTS OF THE COMMISSION STAFF**, IN CASE NO. IPC-E-13-02, BY MAILING A COPY THEREOF, POSTAGE PREPAID, TO THE FOLLOWING:

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SECRETARY

CERTIFICATE OF SERVICE