

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)	CASE NO. IPC-E-14-06
OF IDAHO POWER COMPANY FOR)	
APPROVAL OR REJECTION OF AN)	NOTICE OF APPLICATION
ENERGY SALES AGREEMENT WITH)	
WILLIAM ARKOOSH FOR THE SALE)	NOTICE OF
AND PURCHASE OF ELECTRIC ENERGY)	MODIFIED PROCEDURE
FROM THE LITTLE WOOD RIVER)	
RANCH II PROJECT.)	ORDER NO. 33055

On April 30, 2014, Idaho Power Company filed an Application requesting that the Commission accept or reject an Agreement between Idaho Power and William Arkoosh for the sale and purchase of electric energy produced by the Little Wood River Ranch II Project (Project). On May 27, 2014, Idaho Power filed an Amendment to its Application that included a summary of terms and conditions contained in the proposed Agreement that are different from prior agreements approved by this Commission. Idaho Power requests that its Application be processed by Modified Procedure.

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YOU ARE HEREBY NOTIFIED that, on April 23, 2014, Idaho Power and William Arkoosh entered into an Agreement pursuant to the terms and conditions of various Commission Orders applicable to PURPA agreements for non-seasonal hydro projects. Idaho Power states that Mr. Arkoosh proposes to operate and maintain a 1.28 megawatt (MW) non-seasonal hydro energy facility to be located near Shoshone, Idaho. The Company maintains that the Project will be a qualified facility (QF) under the applicable provisions of the Public Utility Regulatory Policies Act (PURPA).

YOU ARE FURTHER NOTIFIED that, under the terms of the Agreement, Mr. Arkoosh elected to contract with Idaho Power for a 20-year term using the non-levelized published avoided cost rates as currently established by the Commission in Order No. 32817 for energy deliveries of less than 10 average MW (aMW). As defined in paragraphs 1.20 and 4.1.4 of the Agreement, Mr. Arkoosh 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. As described in paragraph 7.5 of the Agreement, should the facility

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exceed 10 aMW on a monthly basis, Idaho Power will accept the inadvertent energy that does not exceed the maximum capacity amount, but will not purchase or pay for inadvertent energy.

YOU ARE FURTHER NOTIFIED that Mr. Arkoosh has selected June 1, 2015, as the Project's Scheduled Operation Date. Various requirements have been placed upon Mr. Arkoosh in order for Idaho Power to accept energy deliveries from this facility. Idaho Power will monitor compliance with these requirements. Idaho Power will continue to monitor the ongoing requirements throughout the term of the Agreement.

YOU ARE FURTHER NOTIFIED that the Agreement provides that all applicable interconnection charges and monthly operational or maintenance charges under Schedule 72 will be assessed to Mr. Arkoosh. A Schedule 72 Generator Interconnection Agreement (GIA) between Mr. Arkoosh and Idaho Power was executed on July 29, 2013. Idaho Power 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 the facility to maintain its DNR status and maintain compliance with Idaho Power's non-discriminatory administration of its Open Access Transmission Tariff (OATT) and FERC requirements there must be a power purchase agreement (PPA) associated with its transmission service request.

YOU ARE FURTHER NOTIFIED that Article 21 of the Agreement provides that the PPA will not become effective until the Commission has approved all terms and conditions and declared that all payments Idaho Power makes to Mr. Arkoosh for purchases of energy will be allowed as prudently incurred expenses for ratemaking purposes.

YOU ARE FURTHER NOTIFIED that Idaho Power filed an Amendment to its initial Application on May 27, 2014. The Amendment provides a summary of terms and conditions contained in the proposed Agreement that are different from prior agreements approved by this Commission. In its Amendment, Idaho Power explains that this Agreement is the first hydro-based agreement submitted for approval "that contains revised terms and conditions subsequent to the Commission's final and reconsideration orders from Case No. GNR-E-11-03. As such, the form of the [Agreement] has several terms and conditions that vary from previously approved agreements in order to comply with the Commission's recent orders." Amendment at 5.

YOU ARE FURTHER NOTIFIED that Idaho Power and Mr. Arkoosh also agreed to changes in some standard provisions that the parties now propose for Commission approval. Idaho Power identifies the major changes as follows:

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- Change to the definition of “Mid-Columbia Market Energy Cost” to replace reference to the Dow Jones index with reference to the Intercontinental Exchange (ICE) index and formula consistent with the proposed settlement in Case No. IPC-E-13-25¹;
- Addition of definitions and provisions, paragraphs 1.29, 1.38, 1.39, 3.4 and 7.6 to incorporate definitions of “non-seasonal hydro facility” and “seasonal hydro facility” as well as “seasonal hydro facility test periods” to incorporate and maintain separate rates for seasonal and non-seasonal hydro projects and to ensure that seasonal hydro projects perform within the requirements of generating 55 percent of their annual generation in the months of June, July and August;
- Removal of the provisions providing for delay liquidated damages and maintained provisions to provide for delay security and actual delay damages as provided for by the Commission’s adoption of the partial stipulation in Commission Order No. 32697;
- Change to Article VIII, “Environmental Attributes,” to indicate that Mr. Arkoosh owns all Environmental Attributes or Renewable Energy Credits/Certificates;
- Change to paragraph 6.2 to allow Mr. Arkoosh to adjust the “Initial Year Monthly Net Energy Amounts” on a monthly, rather than quarterly, basis;
- Revision to paragraph 12.4 relating to Scheduled Maintenance; and
- Several other minor revisions in an attempt to add clarity.

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YOU ARE FURTHER NOTIFIED that the Commission has determined that the public interest may not require a formal hearing in this matter and will proceed under Modified Procedure pursuant to Rules 201 through 204 of the Idaho Public Utilities Commission’s Rules of Procedure, IDAPA 31.01.01.201-204. The Commission notes that Modified Procedure and written comments have proven to be an effective means for obtaining public input and participation.

YOU ARE FURTHER NOTIFIED that any person desiring to state a position on this Application may file a written comment in support or in opposition with the Commission **no**

¹ This change is relevant to the 90/110 performance requirement.

later than Friday, July 11, 2014. The comment must contain a statement of reasons supporting the comment. Persons desiring a hearing must specifically request a hearing in their written comments. Written comments concerning this Application may be mailed to the Commission and Idaho Power at the addresses reflected below:

Commission Secretary
Idaho Public Utilities Commission
PO Box 83720
Boise, ID 83720-0074

Donovan E. Walker
Lead Counsel
Idaho Power Company
PO Box 70
Boise, ID 83707-0070
E-mail: dwalker@idahopower.com

Street Address for Express Mail:
472 W. Washington Street
Boise, ID 83702-5918

Randy C. Allphin
Energy Contract Administrator
Idaho Power Company
PO Box 70
Boise, ID 83707-0070
E-mail: rallphin@idahopower.com

These comments should contain the case caption and case number shown on the first page of this document. Persons desiring to submit comments via e-mail may do so by accessing the Commission's home page located at www.puc.idaho.gov. Click the "Case Comment or Question Form" under the "Consumers" tab, and complete the comment form using the case number as it appears on the front of this document. These comments must also be sent to Idaho Power at the e-mail addresses listed above.

YOU ARE FURTHER NOTIFIED that reply comments may be filed **no later than Friday, July 18, 2014.**

YOU ARE FURTHER NOTIFIED that if no written comments or protests are received within the deadline, the Commission may consider the matter on its merits and may enter its Order without a formal hearing. If comments or protests are filed within the deadline, the Commission will consider them and in its discretion may set the matter for hearing or may decide the matter and issue its Order based on the written positions before it. IDAPA 31.01.01.204.

YOU ARE FURTHER NOTIFIED that the Application and supporting workpapers have been filed with the Commission and are available for public inspection during regular business hours at the Commission offices. The Application is also available on the Commission's web site at www.puc.idaho.gov. Click on the "File Room" tab at the top of the NOTICE OF APPLICATION
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page, scroll down to "Open Electric Cases," and then click on the case number as shown on the front of this document.

YOU ARE FURTHER NOTIFIED that all proceedings in this case will be held pursuant to the Commission's jurisdiction under Title 61 of the Idaho Code and that the Commission may enter any final order consistent with its authority under Title 61.


YOU ARE FURTHER NOTIFIED that all proceedings in this matter will be conducted pursuant to the Commission's Rules of Procedure, IDAPA 31.01.01.000, *et seq.*

ORDER

IT IS HEREBY ORDERED that this case be processed under Modified Procedure. Interested persons and the parties may file written comments no later than July 11, 2014.

IT IS FURTHER ORDERED that reply comments be filed no later than July 18, 2014.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 11th day of June 2014.



PAUL KJELLANDER, PRESIDENT

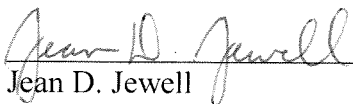


MACK A. REDFORD, COMMISSIONER



MARSHA H. SMITH, COMMISSIONER

ATTEST:



Jean D. Jewell
Commission Secretary

O:IPC-E-14-06_ks

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