



RECEIVED

2014 MAY 27 PM 4:46

IDAHO PUBLIC
UTILITIES COMMISSION

DONOVAN E. WALKER
Lead Counsel
dwalker@idahopower.com

May 27, 2014

VIA HAND DELIVERY

Jean D. Jewell, Secretary
Idaho Public Utilities Commission
472 West Washington Street
Boise, Idaho 83702

Re: Case No. IPC-E-14-07
Head of U Canal Project – Idaho Power Company's Amended Application

Dear Ms. Jewell:

Enclosed for filing please find an original and seven (7) copies of Idaho Power Company's Amended Application in the above matter.

Very truly yours,

Donovan E. Walker

DEW:csb
Enclosures

DONOVAN E. WALKER (ISB No. 5921)
Idaho Power Company
1221 West Idaho Street (83702)
P.O. Box 70
Boise, Idaho 83707
Telephone: (208) 388-5317
Facsimile: (208) 388-6936
dwalker@idahopower.com

Attorney for Idaho Power Company

RECEIVED

2014 MAY 27 PM 4:46

IDAHO PUBLIC
UTILITIES COMMISSION

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)
OF IDAHO POWER COMPANY FOR) CASE NO. IPC-E-14-07
APPROVAL OR REJECTION OF AN)
ENERGY SALES AGREEMENT WITH) AMENDED APPLICATION
NORTH SIDE ENERGY COMPANY, INC.,)
FOR THE SALE AND PURCHASE OF)
ELECTRIC ENERGY FROM THE HEAD OF)
U CANAL PROJECT.)
_____)

Idaho Power Company, pursuant to RP 66, hereby submits this Amended Application. This Amended Application is identical to the originally submitted Application with the exception of the addition of this initial paragraph and the addition of paragraph 9.5. Paragraph 9.5 provides a summary of changes to terms and conditions contained in the proposed Energy Sales Agreement from those that the Idaho Public Utilities Commission has approved in prior Firm Energy Sales Agreements.

Idaho Power Company ("Idaho Power" or "Company"), in accordance with RP 52 and the applicable provisions of the Public Utility Regulatory Policies Act of 1978

("PURPA"), hereby respectfully applies to the Idaho Public Utilities Commission ("Commission") for an order accepting or rejecting the Energy Sales Agreement ("ESA") between Idaho Power and North Side Energy Company, Inc. ("NSEC" or "Seller") under which NSEC would sell and Idaho Power would purchase electric energy generated by the Head of U Canal Project ("Facility") located near Jerome, Idaho.

In support of this Application, Idaho Power represents as follows:

I. INTRODUCTION

1. The ESA submitted herewith is a new contract for a Qualifying Facility ("QF") for a term of 20 years. This ESA complies with the Commission's orders from Case No. GNR-E-11-03, and contains published rates for projects of 10 average megawatts ("aMW") or less.

2. The ESA, dated April 23, 2014, was signed by NSEC on April 18, 2014, and was signed by Idaho Power on April 23, 2014. The ESA was executed in compliance with the Commission's orders directing the implementation of PURPA for the state of Idaho, and contains the most recent avoided cost rates pursuant to the Commission's Order No. 32817.

II. BACKGROUND

3. Sections 201 and 210 of PURPA, and pertinent regulations of the Federal Energy Regulatory Commission ("FERC"), require that regulated electric utilities purchase power produced by cogenerators or small power producers that obtain QF status. The rate a QF receives for the sale of its power is generally referred to as the "avoided cost" rate and is to reflect the incremental cost to an electric utility of electric energy or capacity or both, which, but for the purchase from the QF, such utility would

generate itself or purchase from another source. The Commission has authority under PURPA Sections 201 and 210 and the implementing regulations of FERC, 18 C.F.R. § 292, to set avoided costs, to order electric utilities to enter into fixed-term obligations for the purchase of energy from QFs, and to implement FERC rules.

4. On December 18, 2012, the Commission issued Order No. 32697, which established parameters for published and negotiated avoided cost rate calculations. The Commission further established and defined numerous contract terms and conditions for standard power purchase agreements entered into between regulated utilities and QFs. On January 2, 2013, the Commission issued Errata to Order No. 32697, which corrected published avoided cost rates to include energy payments not discounted by transmission and line loss. Then the Commission issued Reconsideration Order Nos. 32737 and 32802 on February 5, 2013, and May 5, 2013, respectively, which further clarified certain terms and conditions of power purchase agreements.

III. THE ENERGY SALES AGREEMENT

5. On April 23, 2014, Idaho Power and NSEC entered into an ESA pursuant to the terms and conditions of the various Commission orders applicable to this PURPA agreement for a Seasonal Hydro project. Order Nos. 32697 and 32737. A copy of the ESA is attached to this Application as Attachment 1. Under the terms of this ESA, NSEC elected to contract with Idaho Power for a 20-year term using the non-levelized other published avoided cost rates as currently established by the Commission in Order No. 32817 for energy deliveries of less than 10 aMW. This ESA was executed by

NSEC on April 18, 2014. It was subsequently executed by Idaho Power on April 23, 2014, and now filed for the Commission's review.

6. NSEC proposes to operate and maintain a 1.28 megawatt ("MW") (Maximum Capacity Amount) Seasonal Hydro energy facility to be located near Jerome, Idaho. The Facility will be a QF under the applicable provisions of PURPA.

7. The nameplate rating of this Facility is 1.28 MW. As defined in paragraph 1.20 and paragraph 4.1.4 of the ESA, NSEC 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. Furthermore, as described in paragraph 7.5 of the ESA, should the Facility exceed 10 aMW on a monthly basis, Idaho Power will accept the energy (Inadvertent Energy) that does not exceed the Maximum Capacity Amount, but will not purchase or pay for this Inadvertent Energy.

8. NSEC has selected May 1, 2015, as the Scheduled Operation Date. Appendix B. Various requirements have been placed upon Seller in order for Idaho Power to accept energy deliveries from this Facility. Idaho Power will continue to monitor compliance with these requirements. In addition, Idaho Power will monitor the ongoing requirements through the full term of this ESA.

9. The ESA, as signed and submitted by the parties thereto, contains non-levelized published avoided cost rates in conformity with applicable Commission orders. All applicable interconnection charges and monthly operation and maintenance charges under Schedule 72 will be assessed to NSEC.

9.5. This ESA is the first hydro-based agreement submitted to the Commission 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 ESA has several terms and conditions that vary from previously approved agreements in order to comply with the Commission's recent orders. In addition, Idaho Power and the Seller have agreed to changes in some provisions that the parties propose for Commission approval. The major changes incorporated within this agreement include:

(a) Changed 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-13-25. This change is relevant to the 90/110 performance requirement;

(b) Added 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 facilities, and to ensure that Seasonal hydro projects perform within the requirement of generating 55 percent of their annual generation in the months of June, July, and August;

(c) Removed 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;

(d) Changed Article VIII, "Environmental Attributes," to indicate that the Seller owns all Environmental Attributes or Renewable Energy Credits/Certificates;

(e) Changed paragraph 6.2 to allow the Seller to adjust the "Initial Year Monthly Net Energy Amounts" on a monthly, rather than quarterly, basis. This change is contrary to the Commission's direction that requires Seller revisions to be submitted no sooner than "the end of month three and every three months thereafter." Order No. 29632, p. 23. However, with the proposed change, the Seller must still provide 12 months of estimated Net Energy Amounts, and still cannot revise the immediate three months of estimated Net Energy Amounts. However, the Seller can submit revisions on a monthly basis, rather than once every three months. A table was added to the ESA indicating both "Notification Month" and "Future monthly Net Energy Amounts eligible to be revised" primarily to provide clarity to the confusing nature of the Estimated Net Energy Amounts and a Seller's desire to update the same. Although this change varies from Order No. 29632, both Idaho Power and the Seller propose Commission adoption of this change. The Seller gains more clarity and flexibility in adjusting its estimated energy deliveries, and Idaho Power maintains the stability in the estimates necessary for its planning and operation;

(f) Revised paragraph 12.4 relating to Scheduled Maintenance to give the Seller the option to claim maintenance will be scheduled at the same time each year with one notification, in order to eliminate the requirement of sending multiple notifications for maintenance that is scheduled for the same time every year; and

(g) Several other more minor revisions were made, such as moving the list of pricing from paragraph 7.1 to Appendix E and F, adding clarifying terms in Article X relating to metering and SCADA telemetry, adding a definition for “Authorized Agent,” and adding a provision in the forced outage definition providing for icing events in the facility’s primary motive force water source.

10. The ESA provides that all applicable interconnection charges and monthly operational or maintenance charges under Schedule 72 will be assessed to Seller. A Schedule 72 Generator Interconnection Agreement, or “GIA,” between NSEC and Idaho Power was executed on July 29, 2013. 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, there must be a power purchase agreement associated with its transmission service request in order to maintain compliance with Idaho Power’s non-discriminatory administration of its Open Access Transmission Tariff (OATT) and maintain compliance with FERC requirements.

11. Article 21 of the ESA provides that the ESA will not become effective until the Commission has approved all of the ESA’s terms and conditions and declared that all payments Idaho Power makes to NSEC for purchases of energy will be allowed as prudently incurred expenses for ratemaking purposes.

IV. MODIFIED PROCEDURE

12. Idaho Power believes that a hearing is not necessary to consider the issues presented herein and respectfully requests that this Application be processed under Modified Procedure; i.e., by written submissions rather than by hearing. RP 201

et seq. If, however, the Commission determines that a technical hearing is required, the Company stands ready to prepare and present its testimony in such hearing.

V. COMMUNICATIONS AND SERVICE OF PLEADINGS

13. Communications and service of pleadings, exhibits, orders, and other documents relating to this proceeding should be sent to the following:

Donovan E. Walker
Lead Counsel
Idaho Power Company
1221 West Idaho Street
P.O. Box 70
Boise, Idaho 83707
dwalker@idahopower.com

Randy C. Allphin
Energy Contract Administrator
Idaho Power Company
1221 West Idaho Street
P.O. Box 70
Boise, Idaho 83707
rallphin@idahopower.com

VI. REQUEST FOR RELIEF

14. Idaho Power respectfully requests that the Commission issue an order: (1) authorizing that this matter may be processed by Modified Procedure; (2) accepting or rejecting the Energy Sales Agreement between Idaho Power and NSEC, without change or condition; and, if accepted, (3) declaring that all payments for purchases of energy under the Energy Sales Agreement between Idaho Power and NSEC be allowed as prudently incurred expenses for ratemaking purposes.

Respectfully submitted this 27th day of May 2014.



DONOVAN E. WALKER
Attorney for Idaho Power Company

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on the 27th day of May 2014 I served a true and correct copy of the within and foregoing AMENDED APPLICATION upon the following named parties by the method indicated below, and addressed to the following:

Head of U Canal Project
Alan W. Hansten, Manager
North Side Canal Company
921 North Lincoln
Jerome, Idaho 83338

Hand Delivered
 U.S. Mail
 Overnight Mail
 FAX
 Email ahansten@cablone.net


Christa Beary, Legal Assistant