

NORTH SIDE ENERGY COMPANY, INC.

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July 17, 2014

Marsha H. Smith
Paul Kjellander
Mack A. Redford
Idaho Public Utilities Commission
P.O. Box 83720
Boise, ID 83720-0074

472 West Washington Street
Boise, ID 83702

RE: Comments regarding Case No. IPC-E-14-07, Order No. 33056

Dear Commissioners Smith, Kjellander, and Redford,

As you are aware the North Side Energy Company (NSEC, a wholly owned subsidiary of North Side Canal Company, Ltd.) and Idaho Power Company have negotiated a PURPA Seasonal Hydro Energy Sales Agreement for the Head of U hydroelectric project and submitted it to the Idaho Public Utilities Commission (IPUC) for review and approval. IPUC staff have reviewed the agreement and issued their comments on July 11th that supported all terms in the agreement with the exception of the time period allowed for submission of energy production estimates to Idaho Power Company. Staff did, however, recognize that the justifications presented by Idaho Power have merit.

NSEC supports Idaho Power's position to modify the schedule for submission of energy estimates by the energy producer to Idaho Power from a quarterly schedule to a monthly schedule as described in the signed agreement. NSEC believes this to be a better method for the following reasons:

1. Snow pack and its resulting water supply for irrigation are very seldom known and quantifiable 3-6 months in advance. This past water year is a good example, when in January all of us in the irrigation water industry were concerned that adequate snowpack may not be available for irrigation. In February, some large storms passed through the Teton Mountains and greatly increased the snowpack, improving the water outlook. By April and May, flood control operations on the Snake River system were being discussed with the possibility of having to release water from reservoirs to make space for the runoff. During June when the peak runoff occurred, weather patterns were warm and dry causing irrigation demands to increase to the point that no additional reservoir space was

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needed to be evacuated from the reservoirs to accommodate the runoff waters. This past spring serves as a great example as to how difficult it can be to forecast irrigation supply, irrigation demand, and ultimately energy production 3-6 months in advance of actual energy production.

2. NSEC understands that there has been confusion in the past and issues involved with Idaho Power trying to obtain accurate estimates for energy planning from independent energy producers. NSEC believes that the process described in the agreement between NSEC and Idaho Power Company would allow for more accurate estimates of energy production to be provided by NSEC and therefore enable more accurate energy planning activities by Idaho Power.

For the reasons listed above, NSEC respectfully requests that the PUC approve the Seasonal Hydro Energy Sales Agreement for the Head of U Hydroelectric project in its present form.

Sincerely,

A handwritten signature in cursive script that reads "Alan W. Hansten".

Alan W. Hansten, P.E.
Manager,
North Side Energy Company and
North Side Canal Company