

RECEIVED

2014 MAY 13 PM 4:42

IDAHO PUBLIC
UTILITIES COMMISSION

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF IDAHO POWER)
COMPANY'S PETITION TO TEMPORARILY)
SUSPEND ITS PURPA OBLIGATION TO) CASE NO. IPC-E-14-09
PURCHASE ENERGY GENERATED BY)
SOLAR-POWERED QUALIFYING)
FACILITIES ("QF").)
_____)

IDAHO POWER COMPANY

DIRECT TESTIMONY

OF

RANDY ALLPHIN

1 Q. Please state your name and business address.

2 A. My name is Randy Allphin. My business address
3 is 1221 West Idaho Street, Boise, Idaho 83702.

4 Q. By whom are you employed and in what capacity?

5 A. I am employed by Idaho Power Company ("Idaho
6 Power" or "Company") as Energy Contracts Coordinator
7 Leader.

8 Q. Please describe your educational background
9 and work experience with Idaho Power.

10 A. I graduated in 1982 from Boise State
11 University with a Bachelors of Business Administration. In
12 June 1982, I accepted a position as a Customer Service
13 Specialist with Idaho Power. In 1986, I accepted a
14 position as an Operations Accountant in the Operations and
15 Fuels Management accounting group. My specific
16 responsibilities were accounting for and performing
17 economic analyses of the Company's agreements with
18 Qualifying Facilities ("QF"), as well as fuels accounting
19 and thermal operations and maintenance accounting. In
20 1998, in addition to the responsibility of performing the
21 accounting and economic analysis of QF agreements, I was
22 also assigned the responsibility of administering all
23 aspects of existing and new QF agreements as the Co-
24 generation and Small Power Production ("CSPP") Contract
25 Administrator. In 2010, I was promoted to Senior Energy

1 Contracts Administrator and was assigned two direct reports
2 to manage the large number of Idaho Power QF and other
3 renewable energy agreements. I have been involved with
4 accounting, economic analysis, contract administration, and
5 contract negotiations of Idaho Power QF and renewable
6 energy agreements for approximately 26 years. In addition,
7 I was responsible for the initial implementation of Idaho
8 Power's Oregon Solar Photovoltaic ("PV") Pilot Program and
9 currently am assigned supervisory oversight of the
10 administration of that program.

11 Q. What is the purpose of your testimony in this
12 matter?

13 A. The purpose of my testimony is to provide a
14 summary of the current status of contracts, requests for
15 contracts, inquiries, pricing requests, etc., related to
16 Public Utility Regulatory Policies Act of 1978 ("PURPA")
17 solar power purchase agreements/obligations with Idaho
18 Power.

19 Q. Have you prepared any exhibits with your
20 testimony?

21 A. Yes. I have prepared Exhibit No. 1 to my
22 testimony that summarizes the information from my
23 testimony.

24

25

1 Q. What is the current status of solar QF
2 projects that have inquired about power sales to Idaho
3 Power?

4 A. Idaho Power, as of May 12, 2014, has 31
5 individual solar QF projects with a total nameplate rating
6 of 501 megawatts ("MW") attempting to get power purchase
7 agreements and/or obligations pursuant to PURPA. Of this
8 501 MW, 15 projects for 341 MW are located within Idaho
9 with the remaining 16 projects for 160 MW being in Oregon.
10 Six of the Oregon projects (60 MW total) have fully
11 executed power purchase agreements with Idaho Power.
12 Currently, none of these contracts or potential
13 contracts/obligations include any reductions related to
14 solar integration costs, and thus customers will pay more
15 than the Company's avoided cost for the energy from these
16 solar QF projects if contracts/obligations are obtained or
17 incurred by these solar QFs.

18 Q. How many QF projects does Idaho Power
19 currently have under contract?

20 A. As of May 13, 2014, Idaho Power has 117 PURPA
21 contracts for a total nameplate rating of approximately 883
22 MW.

23 Q. What is the approximate cost/obligation
24 associated with the currently existing 883 MW of PURPA
25 contracts that Idaho Power has?

1 A. As of April 1, 2014, all currently existing
2 contracted PURPA projects with Idaho Power have an
3 estimated cost of approximately \$2.835 billion.

4 Q. Have you approximated the cost/obligations of
5 the 501 MW of potential solar QF contracts/obligations to
6 Idaho Power and its customers?

7 A. Yes. At current avoided cost rates applicable
8 in each jurisdiction, and using the estimated generation
9 profiles from the various proposed projects, this 501 MW
10 represents a cost of approximately \$1,888,716,510 to Idaho
11 Power customers over the life of those contracts. The
12 proposed solar QF projects represent 2/3 of all of Idaho
13 Power's existing PURPA QF contract costs/obligations
14 incurred to date. They also constitute an increase in the
15 total nameplate rating of Idaho Power's QF projects from
16 883 MW to nearly 1,400 MW. Idaho Power's minimum load on
17 its entire system for 2013 was 1,005 MW.

18 Although the solar integration study has not yet
19 identified a cost, assuming a cost equal to that of wind
20 integration at \$6.50, the potential integration costs
21 associated with the 501 MW of solar is approximately
22 \$146,181,685. This suggests that customers might be
23 required to overpay developers by 8 percent. These numbers
24 are all reported on a cumulative as well as individual
25 project basis in my Exhibit No. 1.

1 Q. Can you further describe the nature of the 501
2 MW of solar QF projects that are proposed for Idaho Power's
3 system?

4 A. Yes. Based upon my many years of experience
5 administering the PURPA contracts and process at Idaho
6 Power, the 501 MW of solar QF projects are very real and
7 imminent. Knowing many of the developers that are coming
8 forward with proposed projects, they are the type and kind
9 of developers that I consider to be serious developers,
10 with real projects, and not just "tire-kickers."

11 In Oregon, one developer has proposed a total of 16
12 different solar QF projects, all at 10 MW each in order to
13 obtain Oregon standard contract rates. Of these 160 MW of
14 proposed projects in Oregon, Idaho Power has recently
15 executed six contracts at 10 MW of nameplate capacity each,
16 none of which contain solar integration costs.

17 In its Idaho jurisdiction, the Company has 341 MW of
18 serious inquiries from six developers representing 15
19 different solar QF projects. Idaho Power has provided
20 indicative incremental cost Integrated Resource Plan
21 pricing to six separate solar QF projects, consisting of
22 five 20 MW projects and one 40 MW project for a total of
23 140 MW. Four of these projects have requested and received
24 draft contracts from Idaho Power, and are in active
25 discussions/negotiations about contract terms and

1 conditions. One developer is seeking contracts for a 40 MW
2 and two 20 MW solar QF projects to be located on land under
3 the control of three large Idaho municipalities. The most
4 recent inquiry is from a developer that over the years has
5 proposed various QF projects and has enlisted the aid of a
6 successful wind developer in developing four 30 MW solar
7 projects and is seeking contracts/obligations with Idaho
8 Power. Another developer is a large out-of-state wind
9 developer that is now proposing a 20 MW solar QF project on
10 the site of a formerly proposed wind QF project.

11 At least five other 20 MW each solar QF projects are
12 represented by experienced Idaho legal counsel that has
13 represented numerous QF projects of all generation types
14 over the course of many years. These projects, while the
15 Petition was being drafted, took an outdated draft contract
16 from a different solar QF project, reproduced it five
17 times, and signed the non-final, non-agreed to, and
18 superseded document and delivered it to Idaho Power on May
19 12, 2014. Along with its submission, these five QFs
20 included a cover letter purporting to establish legally
21 enforceable obligations by such actions. This confirms the
22 immediacy of the situation. In reference to the QF
23 projects mentioned above, at approximately 3:00 p.m., Idaho
24 Power sent e-mail correspondence along with updated and
25 superseding draft contracts containing a solar integration

1 charge to the four solar QF projects who had previously
2 received draft contracts. Just minutes later, at
3 approximately 3:05 p.m., as mentioned above, Idaho Power
4 took delivery of a duplicated draft contract, duplicated
5 from a previously provided contract for a different solar
6 QF project, for five proposed 20 MW solar QF projects,
7 signed by the QF purporting to be a legally enforceable
8 obligation binding customers.

9 Q. Do you have any other indications of the
10 imminent nature of these 501 MW of proposed solar QF
11 projects?

12 A. Yes. Idaho Power has seen steady, but a
13 relatively low volume, of solar QF activity for a number of
14 years. However, since the completion of the GNR-E-11-03,
15 or Phase III of the comprehensive PURPA case at the Idaho
16 Public Utilities Commission, the Company has seen increased
17 interest in solar QF project development.

18 Activity, inquiries, and communications from
19 proposed solar QF projects have recently increased
20 substantially following Idaho Power's May 1, 2014, solar
21 integration public workshop. It is believed that all of
22 the solar QF developers are well aware of the status and
23 progress of Idaho Power's solar integration study—including
24 the fact that the Company anticipates results from the
25 solar integration study in the near future, as early as

1 next month in mid-June. The Company believes that all of
2 these developers are actively seeking contracts/obligations
3 with the Company prior to such time as the solar
4 integration study is completed.

5 Q. Does this conclude your testimony?

6 A. Yes.

7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

**BEFORE THE
IDAHO PUBLIC UTILITIES COMMISSION**

CASE NO. IPC-E-14-09

IDAHO POWER COMPANY

**ALLPHIN, DI
TESTIMONY**

EXHIBIT NO. 1

Idaho Power Company
Cogeneration and Small Power Production
QF Solar Contracts
As of May 12th, 2014

Project Name	Nameplate Rating	State	County	Scheduled Operation Date	Estimated total contract payment	Estimated total Integration Cost, assuming \$6.50 per MWh
Executed Contracts						
1 Open Range Solar Center, LLC	10.0 MW	OR	Malhuer	12/31/2016	\$37,856,575	\$2,731,417
2 Vale Air Solar Center, LLC	10.0 MW	OR	Malhuer	12/31/2016	\$37,856,575	\$2,731,417
3 Grove Solar Center, LLC	10.0 MW	OR	Malhuer	12/31/2016	\$37,856,575	\$2,731,417
4 Hyline Solar Center, LLC	10.0 MW	OR	Malhuer	12/31/2016	\$37,856,575	\$2,731,417
5 Railroad Solar Center, LLC	10.0 MW	OR	Malhuer	12/31/2016	\$37,856,575	\$2,731,417
6 Thunderegg Solar Center, LLC	10.0 MW	OR	Malhuer	12/31/2016	\$37,856,575	\$2,731,417
Subtotal	60.0 MW				\$227,139,453	\$16,388,502
Draft Contracts and Indicative Incremental Cost IRP Avoided Cost pricing provided						
1 Price and Draft 1	40.0 MW	ID	Ada	12/31/2016 Est	\$157,661,248	\$12,721,800
2 Price and Draft 2	20.0 MW	ID	Bannock	12/31/2016 Est	\$76,268,051	\$6,264,330
3 Price and Draft 3	20.0 MW	ID	Elmore	12/31/2015 Est	\$71,216,593	\$5,618,730
4 Price and Draft 4	20.0 MW	ID	Elmore	12/31/2015 Est	\$71,216,593	\$5,618,730
5 Price and Draft 5	20.0 MW	ID	Elmore	12/31/2015 Est	\$71,216,593	\$5,618,730
6 Price and Draft 6	20.0 MW	ID	Elmore	12/31/2015 Est	\$71,216,593	\$5,618,730
7 Price and Draft 7	20.0 MW	ID	Elmore	12/31/2015 Est	\$71,216,593	\$5,618,730
Subtotal	160.0 MW				\$590,012,264	\$47,079,780
Indicative Incremental Cost IRP Avoided Cost pricing provided						
1 Price Only 1	20.0 MW	ID	Jerome	12/31/2016 Est	\$76,481,642	\$6,132,490
2 Price Only 2	20.0 MW	ID	Owyhee	12/31/2016 Est	\$71,130,957	\$5,383,086
Subtotal	40.0 MW				\$147,612,599	\$11,515,576
Serious Inquires received, initial discussion and/or meetings conducted						
1 Inquire 1	20.0 MW	ID	Elmore		\$71,216,593	\$5,618,730
2 Inquire 2	1.0 MW	ID	Bingham		\$1,196,854	\$100,334
3 Inquire 3	30.0 MW	ID	Payette		\$118,243,248	\$9,541,149
4 Inquire 4	30.0 MW	ID	Gem		\$118,243,248	\$9,541,149
5 Inquire 5	30.0 MW	ID	Ada		\$118,243,248	\$9,541,149
6 Inquire 6	30.0 MW	ID	Washington		\$118,243,248	\$9,541,149
7 Inquire 7	10.0 MW	OR	Grant		\$37,856,575	\$2,731,417
8 Inquire 8	10.0 MW	OR	Grant		\$37,856,575	\$2,731,417
9 Inquire 9	10.0 MW	OR	Malhuer		\$37,856,575	\$2,731,417
10 Inquire 10	10.0 MW	OR	Malhuer		\$37,856,575	\$2,731,417
11 Inquire 11	10.0 MW	OR	Malhuer		\$37,856,575	\$2,731,417
12 Inquire 12	10.0 MW	OR	Malhuer		\$37,856,575	\$2,731,417
13 Inquire 13	10.0 MW	OR	Malhuer		\$37,856,575	\$2,731,417
14 Inquire 14	10.0 MW	OR	Malhuer		\$37,856,575	\$2,731,417
15 Inquire 15	10.0 MW	OR	Malhuer		\$37,856,575	\$2,731,417
16 Inquire 16	10.0 MW	OR	Malhuer		\$37,856,575	\$2,731,417
Subtotal	241.0 MW				\$923,952,193	\$71,197,828
Total	501.0 MW				\$1,888,716,510	\$146,181,685
					Annual Average Payment	\$7,309,084
Idaho Total	341.0 MW				\$1,283,011,302	\$102,479,013
Oregon Total	160.0 MW				\$605,705,207	\$43,702,672

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on the 13th day of May 2014 I served a true and correct copy of the DIRECT TESTIMONY OF RANDY ALLPHIN upon the following named parties by the method indicated below, and addressed to the following:

Donald L. Howell, II
Kristine A. Sasser
Deputy Attorneys General
Idaho Public Utilities Commission
472 West Washington (83702)
P.O. Box 83720
Boise, Idaho 83720-0074

Hand Delivered
 U.S. Mail
 Overnight Mail
 FAX
 Email don.howell@puc.idaho.gov
kris.sasser@puc.idaho.gov

Peter J. Richardson
RICHARDSON ADAMS, PLLC
515 North 27th Street
Boise, Idaho 83702

Hand Delivered
 U.S. Mail
 Overnight Mail
 FAX
 Email peter@richardsonadams.com

Robert Paul
515 North 27th Street
Boise, Idaho 83702

Hand Delivered
 U.S. Mail
 Overnight Mail
 FAX
 Email robertapaul8@gmail.com

Mark VanGulick
P.O. Box 7354
Boise, Idaho 83707

Hand Delivered
 U.S. Mail
 Overnight Mail
 FAX
 Email mvangulick@sunergyworld.com


Christa Barry, Legal Assistant