

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

<b>IN THE MATTER OF THE APPLICATION</b>	)	
<b>OF IDAHO POWER COMPANY FOR</b>	)	<b>CASE NO. IPC-E-14-21</b>
<b>APPROVAL OR REJECTION OF THE</b>	)	
<b>FIRST AMENDMENT TO ITS FIRM</b>	)	
<b>ENERGY SALES AGREEMENT WITH</b>	)	<b>ORDER NO. 33110</b>
<b>UNITED MATERIALS OF GREAT FALLS,</b>	)	
<b>INC.</b>	)	

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Idaho Power Company filed an Application with the Commission on July 31, 2014, requesting that the Commission issue an Order accepting or rejecting the First Amendment to its Firm Energy Sales Agreement (FESA, Agreement) with United Materials of Great Falls, Inc.

By this Order, we approve the June 24, 2014, First Amendment to the Agreement between Idaho Power and United Materials of Great Falls for the sale and purchase of electric energy.

**THE APPLICATION**

Idaho Power and United Materials entered into a Firm Energy Sales Agreement (FESA, Agreement) pursuant to PURPA on January 6, 2004, for the purchase and sale of energy produced by United Materials' Horseshoe Bend Wind Park facility. The facility is a 9 MW PURPA wind generation qualifying facility (QF) located at United Materials' industrial facility near Great Falls, Montana. This Agreement is the first wind energy sales agreement executed by Idaho Power and was approved by the Commission on April 23, 2004. Order No. 29479.

The Agreement contains 90/110 firmness requirements that apply a "Market Energy Cost" price to energy deliveries that do not meet the 90/110 requirements. The FESA defines Market Energy Cost with reference to the Dow Jones Mid-Columbia Index prices for non-firm energy. Idaho Power states that the Agreement's provisions for Surplus Energy and Market Energy Cost generally correlate to Idaho Power's Schedule 86, Cogeneration and Small Power Production Non-Firm Energy.

The Dow Jones Mid-Columbia Index was discontinued by the publisher as of October 2013. Case No. IPC-E-13-25 was initiated to address a replacement market index reference for the non-firm energy price utilized in Idaho Power's Schedule 86. The parties to IPC-E-13-25 executed a settlement stipulation, approved by the Commission in Order No. 33053, which sets

forth reference to the Intercontinental Exchange (ICE) Mid-Columbia index prices, with a revised formula for calculating the non-firm price in Schedule 86. In addition, the parties to IPC-E-13-25 agreed to amend the FESAs between Idaho Power and each intervening party to reference the ICE index using the same language as, and consistent with, the Schedule 86 language agreed upon in the Stipulation. In approving the Stipulation, the Commission stated “We also find it reasonable to allow any additional existing PURPA QFs that currently have a contract with Idaho Power containing reference to the Dow Jones non-firm Mid-C electricity price index, should they so choose, to amend their respective agreements consistent with the terms of this Settlement Stipulation and similar to the contract amendments approved by this Order.” Order No. 33053 at 4.

Subsequent to the issuance of such Order, Idaho Power and United Materials have agreed to amend their FESA to include the reference to the ICE index and revised formula that was adopted for Schedule 86 in Case No. IPC-E-13-25. The Amendment sets forth, virtually verbatim, the provisions from Schedule 86 to define “Market Energy Cost” in Article 1, Section 1.1.3 of the Agreement. The Amendment was executed between the parties on June 24, 2014.

Prior to executing the Amendment, Idaho Power and United Materials entered into a letter agreement agreeing to settle disputed claims regarding the FESA by entering into the Amendment to replace the Dow Jones index with the ICE index. Pursuant to the parties’ agreement, and pursuant to the FESA which requires both parties to agree upon a replacement index should the Dow Jones index be discontinued, an effective date of October 2013 for use of the ICE index and calculation referenced in the Amendment is requested. Idaho Power explains that this would provide for use of the agreed upon ICE index from the time the Dow Jones index was discontinued.

### **FINDINGS AND CONCLUSIONS**

The Idaho Public Utilities Commission has jurisdiction over Idaho Power, an electric utility, and the issues raised in this matter pursuant to the authority and power granted it under Title 61 of the Idaho Code and the Public Utility Regulatory Policies Act of 1978 (PURPA). The Commission has authority under PURPA and the implementing regulations of the Federal Energy Regulatory Commission (FERC) to set avoided costs, to order electric utilities to enter into fixed-term obligations for the purchase of energy from qualified facilities (QFs) and to implement FERC rules.

Staff reviewed Idaho Power's Application. Staff reiterated that, prior to the filing of the 13-25 case, McGraw Hill Financial, the publisher of both the Dow Jones and Platts indices, provided notice to Idaho Power that it was discontinuing publication of the Dow Jones non-firm index and transitioning to use of the Platts non-firm index. Idaho Power's Schedule 86 and a number of power purchase/energy sales agreements (PPAs) contain language with reference to the Dow Jones Mid-C in determining an "Avoided Energy Cost." The pertinent PPAs state that, "If the Dow Jones Mid-Columbia Index price is discontinued by the reporting agency, both Parties [to the contract] will mutually agree upon a replacement index, which is similar to the Dow Jones Mid-Columbia Index."

The parties to the 13-25 case entered into a settlement stipulation that agreed to an acceptable substitution for the discontinued Dow Jones index – to be applied to both Idaho Power's Schedule 86 and the power purchase/energy sales agreements of QFs who were parties in the 13-25 case. The Commission approved the settlement stipulation by Order No. 33053 and specifically found it reasonable for any existing PURPA QFs that currently have a similar contract with Idaho Power to amend their respective agreements consistent with the terms of the settlement stipulation. Order No. 33053 at 4.

We find that the parties' First Amendment is consistent with the terms and conditions approved by the Commission in Order No. 33053. We further find that an effective date of October 2013 is appropriate. Therefore, based on the Commission's prior determination of reasonableness in IPC-E-13-25 and corresponding terms and conditions in the proposed Amendment, we approve the First Amendment to the Agreement between Idaho Power and United Materials without further process.

### **ORDER**

IT IS HEREBY ORDERED that the First Amendment to the Agreement between Idaho Power Company and United Materials is approved without further process.

THIS IS A FINAL ORDER. Any person interested in this Order may petition for reconsideration within twenty-one (21) days of the service date of this Order. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. See *Idaho Code* § 61-626.

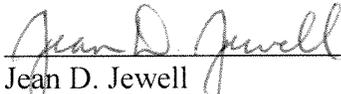
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 29<sup>th</sup>  
day of August 2014.

  
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PAUL KJELLANDER, PRESIDENT

  
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MACK A. REDFORD, COMMISSIONER

  
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MARSHA H. SMITH, COMMISSIONER

ATTEST:

  
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Jean D. Jewell  
Commission Secretary

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