

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

**IN THE MATTER OF THE APPLICATION)
OF IDAHO POWER COMPANY FOR) CASE NO. IPC-E-14-23
APPROVAL OR REJECTION OF AN)
ENERGY SALES AGREEMENT WITH)
BLACK CANYON BLISS, LLC, FOR THE) ORDER NO. 33156
SALE AND PURCHASE OF ELECTRIC)
ENERGY FROM THE BLACK CANYON)
BLISS HYDRO PROJECT.)**

On August 27, 2014, Idaho Power Company filed an Application requesting that the Commission accept or reject an Agreement between Idaho Power and Black Canyon Bliss, LLC (Black Canyon), for the sale and purchase of electric energy generated by the Black Canyon Bliss Hydro Project. Idaho Power requested that its Application be processed by Modified Procedure. On September 9, 2014, the Commission issued a Notice of Application and Notice of Modified Procedure setting a comment deadline of October 2, 2014. Commission Staff was the only person or party to file comments.

By this Order, we approve the Agreement between Idaho Power and Black Canyon Bliss, LLC, for the sale and purchase of electric energy.

THE APPLICATION

On August 19, 2014, Idaho Power and Black Canyon 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 Black Canyon proposes to operate and maintain a 24.82 kilowatt (kW) non-seasonal hydro energy facility to be located near Bliss, 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).

Under the terms of the Agreement, Black Canyon 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. 33084 for energy deliveries of less than 10 average MW (aMW). As defined in paragraphs 1.21 and 4.1.4 of the Agreement, Black Canyon 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 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.

Black Canyon has selected November 15, 2014, as the project's Scheduled Operation Date. Various requirements have been placed upon Black Canyon 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.

The Agreement provides that all applicable interconnection charges and monthly operational or maintenance charges under Schedule 72 will be assessed to Black Canyon. A Schedule 72 Generator Interconnection Agreement (GIA) between Black Canyon and Idaho Power was executed on April 22, 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.

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 Black Canyon for purchases of energy will be allowed as prudently incurred expenses for ratemaking purposes.

COMMENTS

Commission Staff was the only person or party to file comments in this case. Staff confirmed that the Agreement includes the non-levelized published avoided cost rates for non-seasonal hydro facilities in accordance with Order No. 33084. Staff also noted the Agreement utilizes July 2021 as Idaho Power's first capacity deficit year. Staff asserted that the terms and conditions in the proposed Agreement are consistent with prior Commission Orders and, therefore, recommended that the Commission approve the Agreement.

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.

The Commission has reviewed the record in this case, including Idaho Power's Application, the August 19, 2014 Agreement, and comments filed by Commission Staff. We find that the proposed Agreement submitted in this case contains acceptable contract provisions including the non-levelized published avoided cost rates approved by the Commission in Order No. 33084 for energy deliveries of less than 10 average MW (aMW). We further find that the Agreement is just, reasonable and in the public interest.


Therefore, we approve the Agreement between Idaho Power and Black Canyon Bliss, LLC without material change or condition. We find it reasonable to allow payments made under the Agreement as prudently incurred expenses for ratemaking purposes.

ORDER

IT IS HEREBY ORDERED that the Agreement between Idaho Power Company and Black Canyon Bliss is approved without change or condition.

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 22nd
day of October 2014.



PAUL KJELLANDER, PRESIDENT



MACK A. REDFORD, COMMISSIONER



MARSHA H. SMITH, COMMISSIONER

ATTEST:



Barbara Barrows
Assistant Commission Secretary

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