

KRISTINE A. SASSER
DEPUTY ATTORNEY GENERAL
IDAHO PUBLIC UTILITIES COMMISSION
PO BOX 83720
BOISE, IDAHO 83720-0074
(208) 334-0357
BAR NO. 6618

RECEIVED
2014 OCT -2 PM 1:26
IDAHO PUBLIC
UTILITIES COMMISSION

Street Address for Express Mail:
472 W. WASHINGTON
BOISE, IDAHO 83702-5918

Attorney for the Commission Staff

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

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

COMES NOW the Staff of the Idaho Public Utilities Commission, by and through its Attorney of record, Kristine A. Sasser, Deputy Attorney General, and in response to the Notice of Application and Notice Modified Procedure issued in Order No. 33124 on September 9, 2014, in Case No. IPC-E-14-23, submits the following comments.

BACKGROUND

On August 27, 2014, Idaho Power Company (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.

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). 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.

STAFF ANALYSIS

This project is exceedingly small. The nameplate capacity of the facility is 29.82 kW, whereas the maximum capacity is 24.82 kW. Idaho Power explained through email correspondence that the maximum capacity is lower than the nameplate capacity due to the physical limitations of the facility location.

The project will be located at the same site once occupied by two other small hydro facilities. Those facilities were destroyed by a landslide in 1993, and the power sales agreements

were eventually terminated. In addition, the owner of those facilities is now deceased. Other than sharing a common site, there is neither connection between the Black Canyon project and the prior projects nor relationship between the two owners.

The Agreement adopts the non-levelized published avoided cost rates for non-seasonal hydro facilities in accordance with Commission Order No. 33084, which utilizes July 2021 as the Company's first capacity deficit year in its surrogate avoided resource methodology. Staff has reviewed the proposed rates and confirms they are correct. All other terms and conditions contained in the proposed Agreement are consistent with prior Commission orders.

RECOMMENDATIONS

Staff recommends that the Commission approve all of the Agreement's terms and conditions and declare that all payments made by Idaho Power to Black Canyon for the purchase of energy will be allowed as prudently incurred expenses for ratemaking purposes.

Respectfully submitted this 2nd day of October 2014.



Kristine A. Sasser
Deputy Attorney General

Technical Staff: Rick Sterling
Yao Yin

i:umisc:comments/ipce14.23ksrpsyy comments

CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 2ND DAY OF OCTOBER 2014, SERVED THE FOREGOING **COMMENTS OF THE COMMISSION STAFF**, IN CASE NO. IPC-E-14-23, BY MAILING A COPY THEREOF, POSTAGE PREPAID, TO THE FOLLOWING:

DONOVAN E. WALKER
REGULATORY DOCKETS
IDAHO POWER COMPANY
P.O. BOX 70
BOISE, ID 83707
E-MAIL: dwalker@idahopower.com
dockets@idahopower.com

RANDY C. ALLPHIN
ENERGY CONTRACT ADMINISTRATOR
IDAHO POWER COMPANY
PO BOX 70
BOISE ID 83707-0070
E-MAIL: rallphin@idahopower.com



SECRETARY