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August 29, 2014

**VIA HAND DELIVERY**

Jean D. Jewell, Secretary  
Idaho Public Utilities Commission  
472 West Washington Street  
Boise, Idaho 83702

Re: Case No. IPC-E-14-24  
Implementation of Tariff Schedule 73 – Application

Dear Ms. Jewell:

Enclosed for filing please find an original and seven (7) copies of Idaho Power Company's Application in the above matter.

Very truly yours,

Donovan E. Walker

DEW:csb  
Enclosures

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Attorneys for Idaho Power Company

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION )  
OF IDAHO POWER COMPANY FOR ) CASE NO. IPC-E-14-24  
IMPLEMENTATION OF TARIFF )  
SCHEDULE 73 COGENERATION AND ) APPLICATION  
SMALL POWER PRODUCTION )  
SCHEDULE - IDAHO. )  
\_\_\_\_\_ )

Idaho Power Company (“Idaho Power” or “Company”), in accordance with RP 52 hereby respectfully applies to the Idaho Public Utilities Commission (“Commission”) for an order implementing tariff Schedule 73, Cogeneration and Small Power Production Schedule – Idaho. The proposed schedule is attached to this Application as Attachment 1.

In support of this Application, Idaho Power represents as follows:

**I. INTRODUCTION**

1. In Case No. GNR-E-11-03, Order No. 32697, the Commission directed parties to participate in workshops to “begin to form a structure for fair and reasonable contracting procedures and rules.” Order No. 32697 at 48. Idaho Power and other

parties to Case No. GNR-E-11-03 met and discussed procedures to be used by utilities and qualifying facility (“QF”) developers, setting forth timelines and other information surrounding the negotiation and execution of Public Utility Regulatory Policies Act of 1978 (“PURPA”) Energy Sales Agreements (“ESA”). In that case, no procedures were finalized and agreed upon.

2. On March 27, 2014, Avista Corporation (“Avista”), a party to Case No. GNR-E-11-03, filed its proposed tariff revisions to set forth PURPA contracting procedures. Following comments by several parties in the case, on May 30, 2014, the Commission approved Avista’s proposed tariff. The Commission also encouraged “the remaining utilities to consider progress made through the workshops and contemplate submission of a similar tariff that might eliminate or reduce the uncertainty that is somewhat inherent in negotiations between utilities and QFs.” Order No. 33048 at 5. Idaho Power submits its proposed tariff in response to the Commission’s statement and in order to provide certainty and streamline the process for QF developers.

## **II. PROPOSED TARIFF**

3. Idaho Power’s proposed tariff will apply to all PURPA QFs that intend to connect to its system within the state of Idaho. Idaho Power’s proposed Schedule 73 was drafted to closely match Avista’s approved Schedule 62, and the majority of Schedule 73 is identical to Avista’s Schedule 62, including the identified contracting procedure “steps” and the time period set forth for response/action in each step. Several changes were made to reflect differences between Idaho Power and Avista, but for all intents and purposes, they are essentially the same.

4. Idaho Power’s proposed tariff sets forth general information to be provided to the Company by a QF in Section 1.a under “Contracting Procedures.” Within 20 days of the receipt of such information, Idaho Power will provide a QF with an indicative

pricing proposal for the QF. Such pricing is not final or binding on either party and is intended to provide indicative pricing early in the process to enable the QF developer to make preliminary determinations regarding its proposed project.

5. Section 1.d sets forth that the prices and other terms and conditions in the agreement are only final and binding upon full execution by the parties and approval by the Commission—or pursuant to a legally enforceable obligation determination by the Commission. This includes the Commission's determination requiring the QF to deliver its electrical output within 365 days of a determination of a legally enforceable obligation. Order No. 33048.

6. If a QF desires to proceed after receiving indicative pricing, the QF may request a draft ESA. Section 1.e sets forth the information the Company will need for the preparation of the draft ESA. Fifteen days after receipt of all information, the Company will provide the QF with a draft ESA. Within 90 days of receipt of the draft ESA, a QF will notify Idaho Power whether it accepts the terms and conditions and is ready to execute an ESA or that it has comments and proposed changes to the draft ESA.

7. If a QF seeks to provide comments or changes, Section 1.j sets forth guidelines to be used during such negotiations.

8. When both parties are satisfied with the draft ESA and the QF provides Idaho Power with evidence that interconnection will occur prior to the requested first energy date, Idaho Power shall provide the QF with a final, executable version of the ESA within 10 business days. The QF shall then have 10 business days to execute and return the final ESA to the Company. If the QF fails to meet the timelines in the proposed tariff, the procedures shall begin anew. Section 1.n.

### **III. MODIFIED PROCEDURE**

9. Idaho Power believes that a hearing is not necessary to consider the issues presented herein and respectfully requests that this Application be processed under Modified Procedure; i.e., by written submissions rather than by hearing. RP 201 *et seq.* If, however, the Commission determines that a technical hearing is required, the Company stands ready to prepare and present its testimony in such hearing.

### **IV. COMMUNICATIONS AND SERVICE OF PLEADINGS**

10. Communications and service of pleadings, exhibits, orders, and other documents relating to this proceeding should be sent to the following:

Donovan E. Walker  
Lead Counsel  
Regulatory Dockets  
Idaho Power Company  
1221 West Idaho Street  
P.O. Box 70  
Boise, Idaho 83707  
[dwalker@idahopower.com](mailto:dwalker@idahopower.com)  
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### **V. REQUEST FOR RELIEF**

11. Idaho Power respectfully requests that the Commission issue an order authorizing that this matter may be processed by Modified Procedure and implementing the proposed tariff Schedule 73.

Respectfully submitted this 29<sup>th</sup> day of August 2014.



DONOVAN E. WALKER  
Attorney for Idaho Power Company

**BEFORE THE**  
**IDAHO PUBLIC UTILITIES COMMISSION**  
**CASE NO. IPC-E-14-24**

**IDAHO POWER COMPANY**

**ATTACHMENT 1**

SCHEDULE 73  
COGENERATION AND SMALL POWER PRODUCTION SCHEDULE - IDAHO

AVAILABILITY

In all electric territory served by the Company in the State of Idaho.

APPLICABILITY

To Qualifying Facilities that intend to sell their output to the Company by either (i) interconnecting to the Company's electrical system at an interconnection point within the State of Idaho, or (ii) delivering the output to the Company at a point of delivery ("POD") on the Company's electrical system within the State of Idaho.

A Customer selling the output of any Qualifying Facility (including both Qualifying Facilities with a maximum generating capability equal to or less than the Eligibility Cap and Qualifying Facilities with a maximum generating capability greater than the Eligibility Cap) will be required to enter into a written Energy Sales Agreement ("ESA") with the Company in accordance with the contracting procedures set forth in this tariff. Any such ESA is subject to the approval of the Idaho Public Utilities Commission ("Commission").

DEFINITIONS

Customer as used herein means any individual, partnership, corporation, association, governmental agency, political subdivision, municipality, or other entity that owns an existing or proposed Qualifying Facility.

Cogeneration Facility means equipment used to produce electric energy and forms of useful thermal energy (such as heat or steam) used for industrial, commercial, heating, or cooling purposes, through the sequential use of energy.

Daily Shape Adjustment means an adjustment to rates based on a difference between Heavy Load rates and Light Load rates of \$7.28 per MWh as established in Commission Order No. 30415.

Eligibility Cap means for all Qualifying Facilities except wind and solar Qualifying Facilities, 10 average megawatts in any given month. For wind and solar Qualifying Facilities, "Eligibility Cap" means 100 kilowatts ("kW") nameplate capacity.

Facility means the electric generation facility owned by the Customer that is located on the Customer's side of the POD, and all facilities ancillary and appurtenant thereto, including interconnection equipment.

Heavy Load Hours means the daily hours from hour ending 0700 – 2200 Mountain Time, (16 hours) excluding all hours on Sundays, New Years Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day.

Light Load Hours means the daily hours from hour ending 2300 – 0600 Mountain Time, (8 hours) plus all hours on Sundays, New Years Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day.

SCHEDULE 73  
COGENERATION AND SMALL POWER PRODUCTION SCHEDULE - IDAHO  
 (Continued)

DEFINITIONS (continued)

Integration Charges means the Commission-approved integration charge applicable to any intermittent generation resource, including but not limited to, wind and solar generation.

Generator Interconnection Agreement ("GIA"). The interconnection agreement that specifies terms, conditions, and requirements of interconnecting to the Company electrical system, which will include, but not be limited to, all requirements as specified by Schedule 72. If the Facility is not interconnecting directly to the Company electrical system, the Facility will not have a GIA with the Company but instead will have a similar agreement with the utility the Facility is directly interconnecting to.

Point of Delivery (POD) is the location specified in the GIA (or Transmission Agreement) where the Company's and the Seller's (or third-party transmission provider's) electrical facilities are interconnected and the energy from the Qualifying Facility is delivered to the Company electrical system.

Qualifying Facility shall mean a Cogeneration Facility or a Small Power Production Facility that is a "Qualifying Facility" as that term is defined in the Federal Energy Regulatory Commission's regulations, 18 C.F.R. § 292.101(b)(1) (2010), as may be amended or superseded.

Seasonal Factors means a seasonal weighting of 0.735 for the months of March, April, and May, 1.20 for the months of July, August, November, and December and 1.00 for the months of January, February, June, September, and October.

Small Power Production Facility means the equipment used to produce output including electric energy solely by the use of biomass, waste, solar power, wind, water, or any other renewable resource.

Transmission Agreement. If the Facility is not directly interconnected to the Company electrical system, the Facility must obtain firm transmission rights from the appropriate utility(s) to deliver the Facility's maximum capacity to an agreed to POD on the Company electrical system for the full term of the ESA. This agreement(s) shall have minimum terms equal to the lesser of (a) the term of the ESA being requested by the Qualifying Facility in Section 1.a.xiv., or (b) the minimum term required by the third-party transmission entity to ensure firm roll over transmission rights, and (c) any other applicable terms and conditions to ensure the Facility shall have firm transmission rights for the full term of the ESA.

RATE OPTIONS

The Company is required to pay the following rates, at the election of the Qualifying Facility, for the purchase of output from Facilities for which this tariff applies and that is delivered and accepted by the Company in accordance with the ESA. These rates are adjusted periodically and are on file with the Commission.

SCHEDULE 73  
COGENERATION AND SMALL POWER PRODUCTION SCHEDULE - IDAHO  
 (Continued)

RATES OPTIONS (Continued)

1. Levelized Fueled Rates. These rates shall apply to Qualifying Facility projects at or below the Eligibility Cap when the Customer chooses to supply output including energy and capacity under Levelized Avoided Cost Rates for Fueled Facilities. The rates shall apply to Facilities fueled with fossil fuels and shall depend upon the on-line operation date and term of the agreement and shall be fixed for the term. The adjustable component rate shall be changed periodically subject to Commission orders. Both the fixed and adjustable rate components are subject to Seasonal Factors, a Daily Shape Adjustment, and Integration Charges.

2. Non-Levelized Fueled Rates. These rates shall apply to Qualifying Facility projects at or below the Eligibility Cap when the Customer chooses to supply output including energy and capacity under Non-Levelized Avoided Cost Rates for Fueled Facilities. The rates shall apply to Facilities fueled with fossil fuels and shall depend upon the on-line operation date and term of the agreement. The fixed component rate shall be fixed for the term of the agreement. The adjustable component rate shall be changed periodically subject to Commission orders. Both the fixed and adjustable rate components are subject to Seasonal Factors, a Daily Shape Adjustment, and Integration Charges.

3. Levelized Non-Fueled Rates. These rates shall apply to Qualifying Facility projects at or below the Eligibility Cap when the Customer chooses to supply output including energy and capacity under Levelized Avoided Cost Rates for Non-Fueled Facilities. These rates shall apply to Facilities that do not use fossil fuels as their primary fuel. The rates shall depend upon the on-line operation date and term of the agreement and shall be fixed for the term. The rate components are subject to Seasonal Factors, a Daily Shape Adjustment, and Integration Charges.

4. Non-Levelized Non-Fueled Rates. These rates shall apply to Qualifying Facility projects at or below the Eligibility Cap when the Customer chooses to supply output including energy and capacity under a contract based on Non-Levelized Avoided Cost Rates for Non-Fueled Facilities. These rates shall apply to Facilities that do not use fossil fuels as their primary fuel, and shall be fixed for the term. The rates are subject to a Seasonal Factor, a Daily Shape Adjustment, and Integration Charges.

5. Rates Determined at the Time of Delivery. Please see the Company's tariff Schedule 86.

6. Integrated Resource Plan ("IRP") Based Rate. The IRP Based Rate is required for all Qualifying Facilities that do not meet the Eligibility Cap and shall be calculated based on the Incremental Cost IRP Methodology tailored to the individual characteristics of the proposed Qualifying Facility.

CONTRACTING PROCEDURES

The Company agrees to adhere to the following contract procedures for the purchase of output from Customers who own Qualifying Facilities for which this tariff applies and that is delivered to the Company's system. These contracting procedures are adjusted periodically and are on file with the Commission.

SCHEDULE 73  
COGENERATION AND SMALL POWER PRODUCTION SCHEDULE - IDAHO  
(Continued)

CONTRACTING PROCEDURES (Continued)

1. Procedures

a. To obtain an indicative pricing proposal for a proposed Qualifying Facility, the Customer shall provide the Company information that is reasonably required to develop such a proposal. General information regarding a Qualifying Facility shall include:

i. Qualifying Facility owner name, organizational structure and chart, contact information, and project name;

ii. Generation and other related technology applicable to the Qualifying Facility;

iii. Maximum design capacity, station service requirements, and the net amount of power, all in kW, to be delivered to the Company's electric system by the Qualifying Facility;

iv. Schedule of estimated Qualifying Facility electric output, in an 8,760-hour electronic spreadsheet format;

v. Ability, if any, of Qualifying Facility to respond to dispatch orders from the Company;

vi. Map of Qualifying Facility location, electrical interconnection point, and POD (identified by nearest landmark and GPS coordinates);

vii. Anticipated commencement date for delivery of electric output;

viii. List of acquired and outstanding Qualifying Facility permits, including a description of the status and timeline for acquisition of any outstanding permits;

ix. Demonstration of ability to obtain Qualifying Facility status;

x. Fuel type(s) and source(s);

xi. Plans to obtain, or actual fuel and transportation agreements, if applicable;

xii. Where Qualifying Facility is or will be interconnected to an electrical system besides the Company's, plans to obtain, or actual electricity transmission agreements with the interconnected system;

xiii. Interconnection agreement status; and

SCHEDULE 73  
COGENERATION AND SMALL POWER PRODUCTION SCHEDULE - IDAHO  
(Continued)

CONTRACTING PROCEDURES (Continued)

1. Procedures (Continued)

xiv. Proposed contracting term and requested Rate Option for the sale of electric output to the Company.

b. Where the Company determines that the Customer has not provided sufficient information as required by Section 1.a., the Company shall, within 10 business days, notify the Customer in writing of any deficiencies.

c. Following satisfactory receipt of all information required in Section 1.a., the Company shall, within 20 business days, provide the Customer with an indicative pricing proposal containing terms and conditions tailored to the individual characteristics of the proposed Qualifying Facility; provided, however, that for Qualifying Facilities eligible for Published Rates pursuant to the Commission's eligibility requirements, the Company will provide such indicative pricing proposal within 10 business days.

d. The indicative pricing proposal provided to the Customer pursuant to Section 1.c. will not be final or binding on either party. Prices and other terms and conditions will become final and binding on the parties under only two conditions:

i. The prices and other terms contained in an ESA shall become final and binding upon full execution of such ESA by both parties and approval by the Commission, or

ii. The applicable prices that would apply at the time a complaint is filed by a Qualifying Facility with the Commission shall be final and binding upon approval of such prices by the Commission and a final non-appealable determination by the Commission that:

(a) a "legally enforceable obligation" has arisen and, but for the conduct of the Company, there would be a contract, and

(b) the Qualifying Facility can deliver its electrical output within 365 days of such determination.

e. If the Customer desires to proceed with contracting its Qualifying Facility with the Company after reviewing the indicative pricing proposal, it shall request in writing that the Company prepare a draft ESA to serve as the basis for negotiations between the parties. In connection with such request, the Customer shall provide the Company with any additional Qualifying Facility information that the Company reasonably determines necessary for the preparation of a draft ESA, which shall include:

i. Updated information of the categories described in Section 1.a.

ii. Evidence of site control for the entire contracting term

SCHEDULE 73  
COGENERATION AND SMALL POWER PRODUCTION SCHEDULE - IDAHO  
(Continued)

CONTRACTING PROCEDURES (Continued)

1. Procedures (Continued)

iii. Anticipated timelines for completion of key Qualifying Facility milestones, to include:

- (a) Licenses, permits, and other necessary approvals;
- (b) Funding;
- (c) Qualifying Facility engineering and drawings;
- (d) Significant equipment purchases;
- (e) Construction agreement(s);
- (f) Interconnection agreement(s); and
- (g) Signing of third-party Transmission Agreements, where applicable.

iv. Additional information as explained in the Company's indicative pricing proposal.

f. If the Company determines that the Customer has not provided sufficient information as required by Section 1.e., the Company shall, within 10 business days, notify the Customer in writing of any deficiency.

g. Following satisfactory receipt of all information required in Section 1.e., the Company shall, within 15 business days, provide the Customer with a draft ESA containing a comprehensive set of proposed terms and conditions. The draft shall serve as the basis for subsequent negotiations between the parties and, unless clearly indicated, shall not be construed as a binding proposal by the Company.

h. Within 90 calendar days after its receipt of the draft ESA from the Company pursuant to Section 1.g., the Customer shall review the draft ESA and shall (a) notify the Company in writing that it accepts the terms and conditions of the draft ESA and is ready to execute an ESA with same or similar terms and conditions as the draft ESA or (b) prepare an initial set of written comments and proposals based on the draft and provide them to the Company. The Company shall not be obligated to commence negotiations with a Customer or draft a final ESA unless or until the Company has timely received an initial set of written comments and proposals from the Customer, or notice from the Customer that it has no such comments or proposals, in accordance with this Section 1.h.

i. After Customer has met the provisions of Section 1.h. above, Customer shall contact the Company to schedule ESA negotiations at such times and places as are mutually agreeable to the parties.

SCHEDULE 73  
COGENERATION AND SMALL POWER PRODUCTION SCHEDULE – IDAHO  
(Continued)

CONTRACTING PROCEDURES (Continued)

1. Procedures (Continued)

j. In connection with any ESA negotiations between the Company and the Customer, the Company:

i. Shall not unreasonably delay negotiations and shall respond in good faith to any additions, deletions, or modifications to the draft ESA that are proposed by the Customer;

ii. May request to visit the site of the proposed Qualifying Facility;

iii. Shall update its pricing proposals at appropriate intervals to accommodate any changes to the Company's avoided cost calculations, the proposed Qualifying Facility or proposed terms of the draft ESA;

iv. Shall include any revised contracting terms, standards, or requirements that have occurred since the initial draft ESA was provided;

v. May request any additional information from the Customer necessary to finalize the terms of the ESA and to satisfy the Company's due diligence with respect to the Qualifying Facility.

k. When both parties are in full agreement as to all terms and conditions of the draft ESA, including the price paid for delivered energy, and the Customer provides evidence that all relevant interconnection studies are complete and that interconnection is to occur on or prior to the requested first energy date, and any applicable Transmission Agreements have been executed and/or execution is imminent, the Company shall prepare and forward to the Customer, within 10 business days, a final, executable version of the ESA.

l. The Customer shall, within 10 business days, execute and return the final ESA to the Company.

m. Where the Customer timely executes and returns the final ESA to the Company in accordance with Section 1.l. above, the Company will, within 10 business days of its receipt of the ESA executed by the Customer, execute such ESA. The Company will then submit the executed ESA to the Commission for its review.

n. Failure of the Customer to meet any timelines set forth in this section relieves the Company of any obligation under this tariff until such time as the Customer resubmits its Qualifying Facility and the procedures begin anew. If the Customer does not execute the final ESA per Section 1.l, such final ESA shall be deemed withdrawn and the Company shall have no further obligation to the Customer under this tariff unless or until such time the Customer resubmits the Qualifying Facility to the Company in accordance with this Schedule.

SCHEDULE 73  
COGENERATION AND SMALL POWER PRODUCTION SCHEDULE – IDAHO  
(Continued)

CONTRACTING PROCEDURES (Continued)

2. Interconnection, Transmission Agreements, and Designated Network Resource

a. The Company's obligation to purchase Qualifying Facility electrical output from the Customer will be conditioned on the consummation of a GIA in accordance with the Company's Schedule 72. Where the Qualifying Facility will not be physically located within the Company's electrical system, the Customer will need to consummate a similar GIA with the third-party electrical system.

b. Where the Qualifying Facility will be interconnected to a third-party electrical system and is requesting either Published Rates, or rates based on firm delivery of its electrical output, the Company's obligation to purchase such electrical output will be conditioned on the Customer obtaining a firm Transmission Agreement or agreements to deliver all electrical output to the agreed upon POD.

c. The Company's obligation to purchase Qualifying Facility electrical output from the Customer will be conditioned on the Facility being classified as a Company Designated Network Resource.