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October 14, 2014

VIA HAND DELIVERY

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

Re: Case No. IPC-E-14-25
Idaho Power Company's Annual Compliance Filing to Update the Load and Gas Forecasts in the Incremental Cost Integrated Resource Plan Avoided Cost Model

Dear Ms. Jewell:

Enclosed for filing in the above matter please find an original and seven (7) copies of Idaho Power Company's Annual Compliance Filing to update the load and gas forecasts in the incremental cost Integrated Resource Plan avoided cost model.

Very truly yours,

Donovan E. Walker

DEW:csb
Enclosures

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Attorney for Idaho Power Company

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

| | | |
|-------------------------------|---|--------------------------|
| IDAHO POWER COMPANY'S |) | |
| ANNUAL COMPLIANCE FILING TO |) | CASE NO. IPC-E-14-25 |
| UPDATE THE LOAD AND GAS |) | |
| FORECASTS IN THE INCREMENTAL |) | IDAHO POWER COMPANY'S |
| COST INTEGRATED RESOURCE PLAN |) | ANNUAL COMPLIANCE FILING |
| AVOIDED COST MODEL. |) | |
| |) | |

Idaho Power Company ("Idaho Power") hereby respectfully submits to the Idaho Public Utilities Commission ("Commission") this filing in compliance with Order Nos. 32697 and 32802 to update the load forecast and natural gas forecast components of the incremental cost Integrated Resource Plan ("IRP") avoided cost methodology.

I. INTRODUCTION

In its final Order No. 32697, the Commission determined that the inputs to the incremental cost IRP avoided cost methodology, utilized for all proposed Public Utility Regulatory Policies Act of 1978 ("PURPA") qualifying facility ("QF") projects that exceed the published rate eligibility cap, will be updated every two years upon

acknowledgement of the utility's IRP filing, with the exception of the load forecast and the natural gas forecast—which is to be updated annually by October 15 of each year.

The Commission stated:

We find that, in order to maintain the most accurate and up-to-date reflection of a utility's true avoided cost, utilities must update fuel price forecasts and load forecasts annually – between IRP filings. For the sake of consistency, these annual updates should occur simultaneously with SAR updates – on June 1 of each year. In addition, it is appropriate to consider long-term contract commitments because of the potential effect that such commitments have on a utility's load and resource balance. We find it reasonable to include long-term contract considerations in an IRP Methodology calculation at such time as the QF and utility have entered into a signed contract for the sale and purchase of QF power. We further find it appropriate to consider PURPA contracts that have terminated or expired in each utility's load and resource balance. We find it reasonable that all other variables and assumptions utilized within the IRP Methodology remain fixed between IRP filings (every two years).

Order No. 32697, p. 22. The date for the annual update was later changed from June 1 to October 15 of each year. Order No. 32802.

The load forecast, natural gas forecast, and contract information presented below in compliance with the Commission's Orders has been incorporated into Idaho Power's incremental cost IRP avoided cost methodology. Consistent with the Commission's prior Orders, this methodology will be utilized by Idaho Power as the starting point for the negotiation of its contractual avoided cost rates as of October 15, 2014.

II. LOAD FORECAST

Idaho Power's most recent load forecast is dated September 9, 2014, and is the same load forecast that will be used in Idaho Power's 2015 IRP. This recent load forecast shows, on average, a slight decrease in Idaho Power customer loads when

compared to the October 7, 2013, load forecast that was provided to the Commission for the 2013 update in Case No. IPC-E-13-18 and approved by the Commission in Order No. 32941.

Table 1 and Graph 1 below show the average annual load forecast through 2032 for both the previously approved October 2013 load forecast and the most recent September 2014 load forecast.

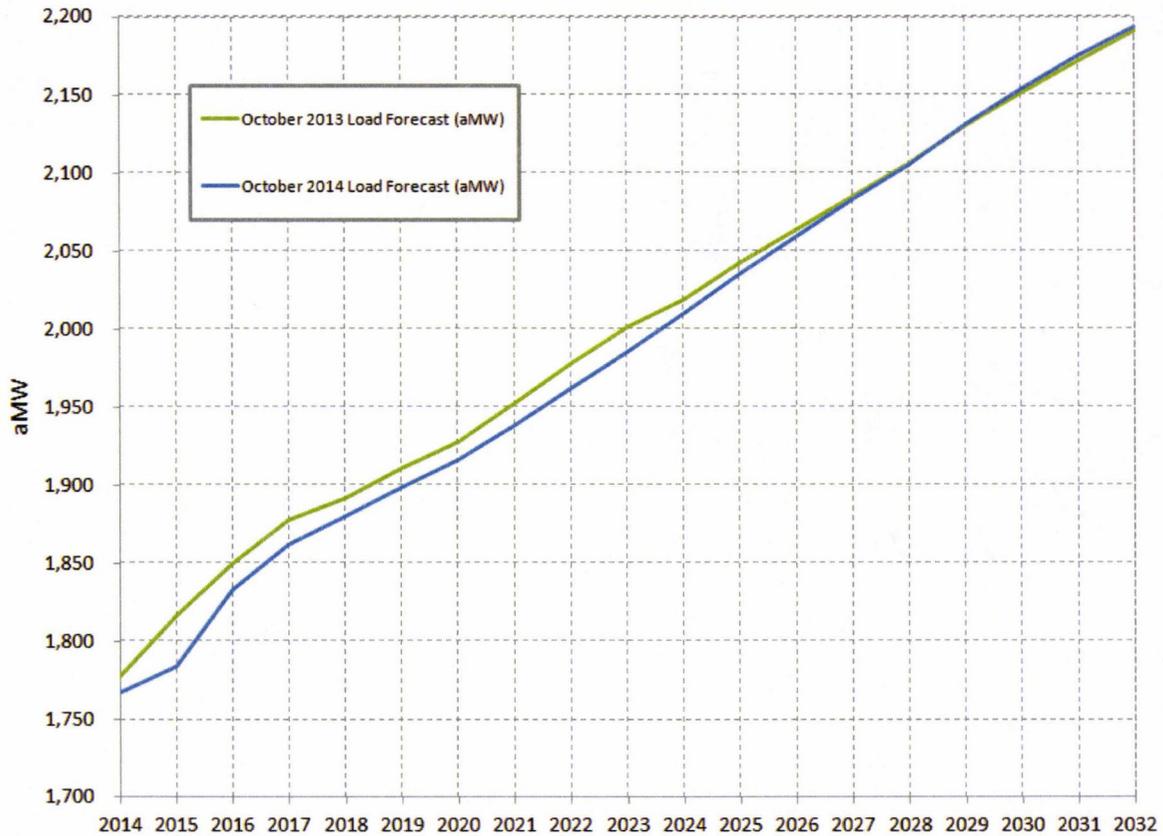
TABLE 1

Average Annual Load Forecast

| <u>Year</u> | <u>October 2013 (aMW)</u> | <u>October 2014 (aMW)</u> |
|-------------|-------------------------------|-------------------------------|
| 2014 | 1,778 | 1,768 |
| 2015 | 1,817 | 1,785 |
| 2016 | 1,850 | 1,833 |
| 2017 | 1,878 | 1,862 |
| 2018 | 1,892 | 1,881 |
| 2019 | 1,911 | 1,899 |
| 2020 | 1,928 | 1,917 |
| 2021 | 1,953 | 1,939 |
| 2022 | 1,978 | 1,962 |
| 2023 | 2,001 | 1,986 |
| 2024 | 2,020 | 2,010 |
| 2025 | 2,043 | 2,035 |
| 2026 | 2,063 | 2,059 |
| 2027 | 2,085 | 2,083 |
| 2028 | 2,106 | 2,105 |
| 2029 | 2,130 | 2,131 |
| 2030 | 2,151 | 2,154 |
| 2031 | 2,172 | 2,175 |
| 2032 | 2,191 | 2,193 |

GRAPH 1

Load Forecast



III. NATURAL GAS PRICE FORECAST

As of October 15, 2014, Idaho Power will update the natural gas price forecast within the incremental cost IRP avoided cost model to reflect the most recent U.S. Energy Information Administration (“EIA”) natural gas price forecast. The October 2014 gas forecast, planned for use in the 2015 IRP, is the nominal EIA forecast for Henry Hub in compliance with the direction from Order No. 32980. It indicates, on average, a slight decrease in the average annual natural gas forecast prices over the next 20 years in comparison to the EIA 2013 natural gas price forecast that was used in the incremental cost IRP avoided cost model presented to the Commission in Case No. IPC-E-13-18 and approved by the Commission in Order No. 32941.

Table 2 and Graph 2 display the 2013 EIA natural gas price forecast and the current 2014 EIA natural gas price forecast.

TABLE 2

Henry Hub EIA Natural Gas Forecast

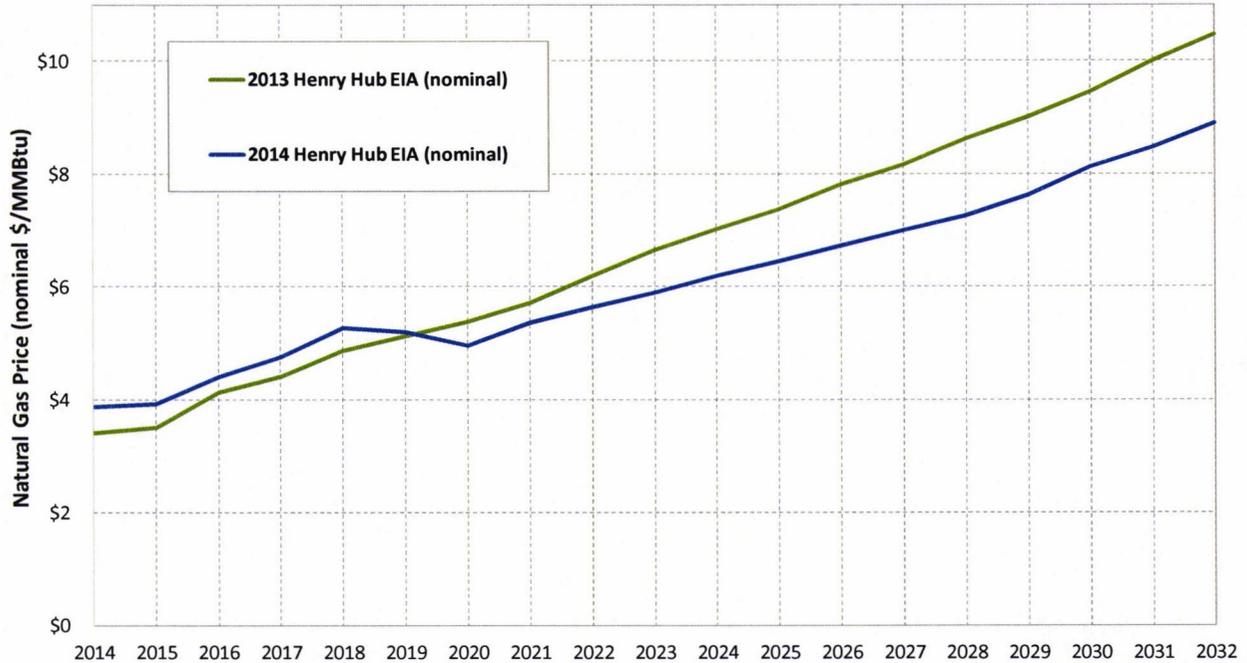
| <u>Year</u> | <u>October 2013 As Filed</u> | <u>October 2014</u> |
|--------------------|---|---|
| | (nominal \$) ¹ Col [A] | (nominal \$) ² Col [b] |
| 2014 | \$3.41 | \$3.86 |
| 2015 | \$3.51 | \$3.93 |
| 2016 | \$4.13 | \$4.41 |
| 2017 | \$4.41 | \$4.76 |
| 2018 | \$4.87 | \$5.27 |
| 2019 | \$5.13 | \$5.19 |
| 2020 | \$5.39 | \$4.96 |
| 2021 | \$5.72 | \$5.37 |
| 2022 | \$6.20 | \$5.64 |
| 2023 | \$6.66 | \$5.90 |
| 2024 | \$7.03 | \$6.20 |
| 2025 | \$7.37 | \$6.45 |
| 2026 | \$7.82 | \$6.72 |
| 2027 | \$8.17 | \$7.00 |
| 2028 | \$8.63 | \$7.26 |
| 2029 | \$9.02 | \$7.63 |
| 2030 | \$9.46 | \$8.12 |
| 2031 | \$10.00 | \$8.47 |
| 2032 | \$10.47 | \$8.91 |

¹ EIA natural gas forecast as previously provided by Idaho Power in Commission Case IPC-E-13-18 and approved by order 32941. The nominal stream reported in Col [A] reflects a 3% annual escalation rate applied to the 2013 EIA forecast (2011 \$).

² Most recent EIA natural gas forecast (nominal \$) published in April 2014. Nominal EIA Henry Hub in compliance with Order No. 32980.

GRAPH 2

Natural Gas Price Forecast



IV. CONTRACT TERMINATIONS, EXPIRATIONS, AND ADDITIONS

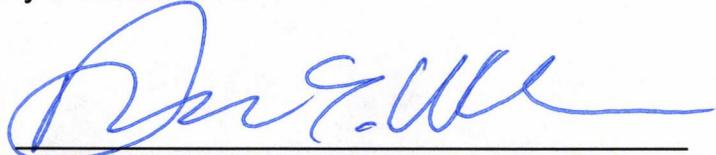
Idaho Power currently has three non-PURPA, long-term power purchase agreements: Elkhorn Valley Wind (101 megawatts ("MW")), Raft River Geothermal (18 MW), and Neal Hot Springs Geothermal (30 MW). Idaho Power currently has 133 contracts with PURPA QF projects with a nameplate capacity of 1,302 MW. This is an increase of 30 new contracts, and 524 additional MW of PURPA QF generation above the amounts from this time last year. This includes two large solar contracts: Grand View, 80 MW, and Boise City Solar, 40 MW, which are currently filed with the Commission, as well as 11 new and additional solar QF contracts for a total of 281 MW signed on October 13, 2014. Also included in the new contracts are six new Oregon solar QF contracts totaling 60 MW, 5 new Oregon wind QF contracts totaling 50 MW, and several hydro QF contracts making up the balance. New contracts, terminated or

expired contracts, as well as new contract pricing are all included in the incremental cost IRP model on a continuous basis.

V. CONCLUSION

Idaho Power hereby respectfully submits this updated load forecast, natural gas forecast, and contract information in compliance with the Commission's directives in Order Nos. 32697 and 32802 and asks the Commission to accept the same for filing.

Respectfully submitted this 14th day October 2014.



DONOVAN E. WALKER
Attorney for Idaho Power Company