

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

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| IN THE MATTER OF THE APPLICATION |) | |
| OF IDAHO POWER COMPANY FOR |) | CASE NO. IPC-E-14-39 |
| APPROVAL OR REJECTION OF AN |) | |
| ENERGY SALES AGREEMENT WITH |) | |
| BLIND CANYON AQUARANCH, INC. FOR |) | |
| THE SALE AND PURCHASE OF |) | ORDER NO. 33191 |
| ELECTRIC ENERGY. |) | |

On November 13, 2014, Idaho Power filed an Application with the Commission for approval or rejection of an energy sales agreement with Blind Canyon Aquaranch, Inc. for the sale and purchase of electric energy from the Blind Canyon Hydro Project. On November 26, 2014, the Commission issued a Notice of Application and Notice of Modified Procedure setting a comment deadline of December 9, 2014. Order No. 33186. Commission Staff was the only person or party to file comments.

By this Order, we approve the October 31, 2014, Energy Sales Agreement between Blind Canyon Aquaranch and Idaho Power for the sale and purchase of electric energy.

THE APPLICATION

Idaho Power requests that the Commission accept or reject the Energy Sales Agreement between Idaho Power and Blind Canyon Aquaranch, Inc. (Blind Canyon) under which Blind Canyon would sell and Idaho Power would purchase electric energy generated by the project's 1.625 megawatt (MW) non-seasonal hydro facility located near Wendell, Idaho. The Agreement between the parties was executed on October 31, 2014. The Agreement is for a term of 20 years.

Blind Canyon is currently selling energy to Idaho Power under a 20-year PURPA agreement that was executed in 1994 and approved by the Commission in January 1995. Order No. 25852. Blind Canyon has requested a new 20-year agreement as a PURPA qualifying facility for a non-seasonal hydro project smaller than 10 average megawatts (aMW). The Agreement between Idaho Power and Blind Canyon includes full capacity payments pursuant to Commission Order No. 32697 as a replacement contract.

The nameplate rating of this facility is 1.625 MW. Blind Canyon will be required to provide data 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. 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 the inadvertent energy.

Blind Canyon has selected December 15, 2014, as its Scheduled First Energy Date and Scheduled Operation Date in order to maintain uninterrupted operation after the expiration of its existing agreement. All applicable interconnection charges and monthly operation and maintenance charges under Schedule 72 will be assessed to Blind Canyon.

The new Agreement contains revised terms and conditions pursuant to the Commission's final Orders in Case No. GNR-E-11-03. These revised conditions are the same or similar to those recently approved by the Commission in Case Nos. IPC-E-14-06, IPC-E-14-07 and IPC-E-14-12. The changes include: reference to the ICE index and formula; modified provisions regarding delay liquidated damages and delay security; ownership of environmental attributes; provisions providing for revision of initial year monthly net energy amounts on a monthly rather than quarterly basis; and several other minor changes consistent with Commission orders.

As with all PURPA QF generation, the project must be designated as a network resource (DNR) to serve Idaho Power's retail load on its system. Consequently, the Agreement contains provisions requiring completion of a Generator Interconnection Agreement (GIA), compliance with GIA requirements, and designation as an Idaho Power network resource as conditions of Idaho Power accepting delivery of energy and paying for the same under the Agreement. In order for the project to maintain its DNR status, there must be a power purchase agreement associated with its transmission service request that maintains compliance with Idaho Power's non-discriminatory administration of its Open Access Transmission Tariff (OATT) and maintains compliance with FERC requirements.

Article 21 of the Agreement provides that the Agreement will not become effective until the Commission has approved all of the Agreement's terms and conditions and declared that all payments Idaho Power makes to Blind Canyon for purchases of energy will be allowed as prudently incurred expenses for ratemaking purposes.

COMMENTS

Staff was the only person or party to file comments. Staff noted that this Agreement is intended to replace an existing agreement that will expire on December 14, 2014. Staff further

reviewed and confirmed the Agreement's use of non-levelized published avoided cost rates for non-seasonal hydro replacement contracts. Staff verified that all other terms and conditions contained in the Agreement are consistent with prior Commission orders.

Based on its review, Staff recommended that the Commission approve all of the Agreement's terms and conditions and declare that all payments made by Idaho Power to Blind Canyon for the purchase of energy be allowed as prudently incurred expenses for ratemaking purposes.

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 is also empowered to resolve complaints between QFs and utilities and approve QF contracts.

The Commission has reviewed the record in this case, including the Application, the Agreement, and the comments of Commission Staff. Based on the record, we find that the proposed Agreement submitted in this case contains acceptable contract provisions consistent with prior Commission orders. Consequently, we approve the Agreement without material change or condition. We further find it reasonable to allow payments made under the Agreement as prudently incurred expenses for ratemaking purposes.

ORDER

IT IS HEREBY ORDERED that the October 31, 2014, Energy Sales Agreement between Idaho Power and Black Canyon Aquaranch, Inc. 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.

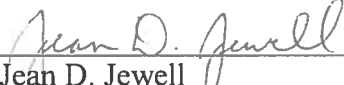
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 15th
day of December 2014.


PAUL KJELLANDER, PRESIDENT


MACK A. REDFORD, COMMISSIONER


MARSHA H. SMITH, COMMISSIONER

ATTEST:


Jean D. Jewell
Commission Secretary

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