

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 DEC -9 AM 11:54
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-14-39
OR REJECTION OF AN ENERGY SALES)	
AGREEMENT WITH BLIND CANYON)	COMMENTS OF THE
AQUARANCH, INC. FOR THE SALE AND)	COMMISSION STAFF
PURCHASE OF ELECTRIC ENERGY.)	
)	

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 of Modified Procedure issued in Order No. 33186 on November 26, 2014, in Case No. IPC-E-14-39, submits the following comments.

BACKGROUND

On November 13, 2014, Idaho Power Company 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.

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 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.


STAFF ANALYSIS

The Agreement adopts the non-levelized published avoided cost rates for non-seasonal hydro replacement contracts. Staff has reviewed the proposed rates and confirms they are correct. All other terms and conditions contained in the 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 Blind Canyon for purchase of energy will be allowed as prudently incurred expenses for ratemaking purposes. In the event that this new Agreement is not approved by the Commission in time to meet the Project's December 15, 2014 Scheduled First Energy and Scheduled Operation Date, Staff recommends that the parties continue under the terms of the old Agreement until such time as the Commission issues its final Order on the proposed Agreement.

Respectfully submitted this 9TH day of December 2014.



Kristine A. Sasser
Deputy Attorney General

Technical Staff: Rick Sterling
Yao Yin

i:umisc:comments/ipce14.39ksrpsyy comments

CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 9TH DAY OF DECEMBER 2014, SERVED THE FOREGOING **COMMENTS OF THE COMMISSION STAFF**, IN CASE NO. IPC-E-14-39, 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

PAT WINDES
BLIND CANYON AQUARANCH
2757 SOUTH 1050 EAST
HAGERMAN ID 83332
E-MAIL: jpwindes@gmail.com



SECRETARY

CERTIFICATE OF SERVICE