

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF IDAHO POWER)	CASE NO. IPC-E-15-20
COMPANY’S APPLICATION FOR)	
APPROVAL OF CAPACITY DEFICIENCY)	NOTICE OF APPLICATION
TO BE USED FOR AVOIDED COST)	
CALCULATIONS)	NOTICE OF
)	MODIFIED PROCEDURE
)	
)	ORDER NO. 33343

On July 2, 2015, Idaho Power Company filed an Application with the Commission for an Order approving the capacity deficiency period to be used for the Company’s avoided cost calculations under the Public Utility Regulatory Policies Act (PURPA). The Company asked that the Application be processed under Modified Procedure.

BACKGROUND

Under PURPA, electric utilities must purchase electric energy from qualifying facilities (QFs) at rates approved by the applicable state regulatory agency – in Idaho, this Commission. 16 U.S.C. § 824a-3; *Idaho Power Co. v. Idaho PUC*, 155 Idaho 780, 789, 316 P.3d 1278, 1287 (2013). The purchase or “avoided cost” rate shall not exceed the “‘incremental cost’ to the purchasing utility of power which, but for the purchase of power from the QF, such utility would either generate itself or purchase from another source.” Order No. 32697 at 7, *citing Rosebud Enterprises v. Idaho PUC*, 128 Idaho 624, 917 P.2d 781 (1996); 18 C.F.R. § 292.101(b)(6) (defining “avoided cost”).

In calculating avoided cost, the Commission found it “reasonable, appropriate and in the public interest to compensate QFs separately based on a calculation of not only the energy they produce, but the capacity that they can provide to the purchasing utility.” Order No. 32697 at 16. As to the capacity calculation, the Commission found it appropriate “to identify each utility’s capacity deficiency based on load and resource balances found in each utility’s IRP.” *Id.* The Commission elaborated:

In calculating a QF’s ability to contribute to a utility’s need for capacity, we find it reasonable for the utilities to only begin payments for capacity at such time that the utility becomes capacity deficient. If a utility is capacity surplus, then capacity is not being avoided by the purchase of QF power. By including a capacity payment only when the utility becomes capacity deficient, the

utilities are paying rates that are a more accurate reflection of a true avoided cost for the QF power.

Id. at 21.

The Commission directed that “when a utility submits its [IRP] to the Commission, a case shall be initiated to determine the capacity deficiency to be utilized in the SAR Methodology.” *Id.* at 23. The Commission also stated “utilities must update fuel price forecasts and load forecasts annually – between IRP filings. . . . We find it reasonable that all other variables and assumptions utilized within the IRP Methodology remain fixed between IRP filings (every two years).” *Id.* at 22.

In 2014, the Commission confirmed July 2021 as Idaho Power’s capacity deficiency period for use in the incremental cost IRP methodology. Order No. 33159 at 9.

NOTICE OF PETITION

YOU ARE HEREBY NOTIFIED that Idaho Power states it “currently utilizes a first capacity deficit of July 2021.” Application at 2. Also, the Company notes that it filed its 2015 IRP (Case No. IPC-E-15-19) with the Commission on June 30, 2015. According to Idaho Power, its 2015 IRP “identifies the first capacity deficit occurring in July 2025.” *Id.*

YOU ARE FURTHER NOTIFIED that Idaho Power’s Application includes Table 1, which “shows a first capacity deficiency of 14 [MW] occurring in July 2025.” *Id.* at 3. According to the Company, this “includes 461 MW of PURPA solar that was under contract when the analysis of Table 1 was completed for the 2015 IRP.” *Id.* However, after Table 1 was developed in the 2015 IRP, “four PURPA Energy Sales Agreements (“ESAs”) were terminated due to failure of the projects to perform” per their terms and provisions. *Id.*, citing Case No. IPC-E-14-28, IPC-E-14-29, IPC-E-14-30, and IPC-E-14-31. Idaho Power provides that the “total amount of capacity for these four terminated ESAs was 141 MW.” *Id.* at 3-4.

YOU ARE FURTHER NOTIFIED that Idaho Power’s Application also includes Table 2, which shows an “updated peak-hour surplus/deficit chart,” reflecting removal of the 141 MW of PURPA. *Id.* at 4. Idaho Power states, “Removal of the 141 MW of terminated PURPA solar projects results in a first capacity deficit of 47 MW in July 2024, one year earlier than that shown in Table 1 and the 2015 IRP.” *Id.* The Company asks that “a first capacity deficit of July 2024 be utilized for avoided cost calculations for both the SAR and IRP methodologies.” *Id.*

NOTICE OF MODIFIED PROCEDURE

YOU ARE FURTHER NOTIFIED that the Commission has determined that the public interest may not require a formal hearing in this matter and will proceed under Modified Procedure pursuant to Rules 201 through 204 of the Idaho Public Utilities Commission’s Rules of Procedure, IDAPA 31.01.01.201 through .204. The Commission notes that Modified Procedure and written comments have proven to be an effective means for obtaining public input and participation

YOU ARE FURTHER NOTIFIED that any person desiring to state a position on this Application may file a written comment in support or opposition with the Commission within **twenty-eight (28) days from the date of this Order**. The comment must contain a statement of reasons supporting the comment. Persons desiring a hearing must specifically request a hearing in their written comments. Written comments concerning this Application shall be mailed to the Commission and the Applicant at the addresses reflected below:

Commission Secretary
Idaho Public Utilities Commission
PO Box 83720
Boise, ID 83720-0074

Street Address for Express Mail:

472 W. Washington Street
Boise, ID 83702-5918

Donovan E. Walker
Randy Allphin
Tess Park
Idaho Power Company
1221 West Idaho Street
P.O. Box 70
Boise, ID 83707

E-mail: dwalker@idahopower.com
rallphin@idahopower.com
tpark2@idahopower.com

These comments should contain the case caption and case number shown on the first page of this document. Persons desiring to submit comments via e-mail may do so by accessing the Commission’s home page located at www.puc.idaho.gov. Click the “Case Comment or Question Form” under the “Consumers” tab, and complete the comment form using the case number as it appears on the front of this document. These comments must also be sent to the Applicant at the e-mail addresses listed above.

YOU ARE FURTHER NOTIFIED that the Company shall file reply comments, if necessary, **no later than seven (7) days after the deadline for written comments**.

YOU ARE FURTHER NOTIFIED that if no written comments or protests are received within the time limit set, the Commission will consider this matter on its merits and enter its Order without a formal hearing. If written comments are received within the time limit

set, the Commission will consider them and, in its discretion, may set the same for formal hearing.

YOU ARE FURTHER NOTIFIED that the Application has been filed with the Commission and is available for public inspection during regular business hours at the Commission offices. The Application is also available on the Commission's web site at www.puc.idaho.gov. Click on the "File Room" tab at the top of the page, scroll down to "Open Electric Cases," then click on the case number shown on the front of this document.

YOU ARE FURTHER NOTIFIED that all proceedings in this case will be held pursuant to the Commission's jurisdiction 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 and to implement FERC rules. The Commission may enter any final Order consistent with its authority under Title 61 and PURPA.

YOU ARE FURTHER NOTIFIED that all proceedings in this matter will be conducted pursuant to the Commission's Rules of Procedure, IDAPA 31.01.01.000, *et seq.*

ORDER

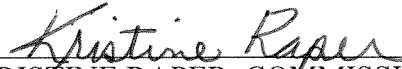
IT IS HEREBY ORDERED THAT the Application shall be processed by Modified Procedure, IDAPA 31.01.01.201-.204. Persons interested in submitting written comments in this matter must do so no later than 28 days from the date of this Order.

IT IS FURTHER ORDERED that reply comments by Idaho Power, if any, shall be due seven days after the deadline for written comments.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 24th day of July 2015.

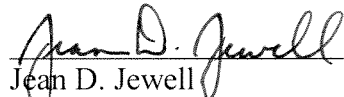


PAUL KJELLANDER, PRESIDENT



KRISTINE RAPER, COMMISSIONER

ATTEST:



Jean D. Jewell
Commission Secretary

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