

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF IDAHO POWER)
COMPANY'S APPLICATION TO APPROVE) **CASE NO. IPC-E-15-24**
OR REJECT ENERGY SALES AGREEMENT)
WITH NORTH GOODING MAIN HYDRO) **ORDER NO. 33404**
LLC)

On September 8, 2015, Idaho Power Company filed an Application asking the Commission to accept or reject its Energy Sales Agreement (ESA) with North Gooding Main Hydro LLC. The ESA is for the sale and purchase of electric energy generated by the North Gooding Main Hydro Project, a “qualifying facility” as defined under the Public Utility Regulatory Policies Act (PURPA), located near Gooding, Idaho.

The Commission issued a Notice of Application and Notice of Modified Procedure, setting a 21-day comment period. Commission Staff was the only party to file written comments. Idaho Power did not file a reply. The Commission now approves the Application.

LEGAL BACKGROUND

Under PURPA, electric utilities such as Idaho Power must purchase electric energy from qualifying facilities (QFs) at rates approved by this Commission. 16 U.S.C. § 824a-3; *Idaho Power Company v. Idaho PUC*, 155 Idaho 780, 789, 316 P.3d 1278, 1287 (2013), *citing FERC v. Mississippi*, 456 U.S. 742, 751 (1982). The purchase or “avoided cost” rate must be “just and reasonable to the electric consumers . . . and in the public interest” and “shall not discriminate against [QFs].” 16 U.S.C. § 824a-3(b); 18 C.F.R. § 292.304.

THE AGREEMENT

On July 29, 2015, Idaho Power entered into its ESA with North Gooding – subject to the Commission’s approval – pursuant to the terms and conditions of various Commission Orders and PURPA. Application at 3. North Gooding’s facility is a seasonal hydro project, and a “qualifying facility” (QF) under PURPA. *Id.* Under the terms of the ESA, North Gooding elected to contract with Idaho Power for a 20-year term using the levelized published avoided cost rates as currently established by Commission Order No. 33305 for energy deliveries less than 10 aMW. *Id.*

The nameplate rating of North Gooding’s facility is 1.3 megawatts (MW). *Id.* at 4. North Gooding will be required to provide data on the facility that Idaho Power will use to

confirm that under normal or average conditions, the facility will not exceed 10 aMW on a monthly basis. *Id.* North Gooding has selected April 1, 2017 as the Scheduled Operation Date. *Id.* Under the ESA, various requirements have been placed on North Gooding in order for Idaho Power to accept energy deliveries from the facility. *Id.* Idaho Power will monitor all ongoing requirements through the full term of the ESA. *Id.*

The ESA provides that all interconnection charges and monthly operational or maintenance charges under Schedule 72 will be assessed to North Gooding. *Id.* Before the facility will deliver any energy to Idaho Power, all requirements of the Schedule 72 Generator Interconnection Agreement (GIA) must be complete, and the facility must be designated as a network resource (DNR) to serve Idaho Power's retail load on its system. *Id.* at 4-5. In its Application, Idaho Power states that a GIA is expected to be signed by May 1, 2016. *Id.* at 5.

By its own terms, the ESA will not become effective until the Commission has approved all of its terms and conditions and declared that all payments made by Idaho Power to North Gooding for purchases of energy will be allowed as prudently incurred expenses for ratemaking purposes. *Id.*

STAFF COMMENTS

Staff reviewed the Application and attachments and discovered a clerical error in the all-hours energy price for Season 2. Comments at 2. Idaho Power corrected the error, filing a replacement page with the corrected rate. Staff determined that all other terms and conditions in the proposed Agreement are consistent with prior Commission Orders. Staff therefore recommended the Commission approve all the Agreement's terms and conditions and declare that all payments made by Idaho Power to North Gooding for purchase of energy be allowed as prudently incurred expenses for ratemaking purposes.

DISCUSSION AND FINDINGS

The Commission has jurisdiction over Idaho Power and the issues raised in this matter under Title 61 of the Idaho Code and PURPA. The Commission also has authority under PURPA and Federal Energy Regulatory Commission (FERC) regulations to set avoided costs, to order electric utilities to enter into fixed-term obligations for the purchase of energy from QFs, and to implement FERC rules. We have reviewed the record in this case, including the Application, its attachments, and Staff's comments.

We find that North Gooding's facility is qualified to receive the levelized published avoided cost rates contained in the ESA. We further find that, with the correction as to the all-hours energy price for Season 2, the proposed ESA contains acceptable contract provisions consistent with PURPA, FERC regulations, and this Commission's prior Orders. Finally, we find it reasonable to allow payments made under the Agreement as prudently incurred expenses for ratemaking purposes.

ORDER

IT IS HEREBY ORDERED that Idaho Power's Application to approve its Energy Sales Agreement with North Gooding Main Hydro is granted and the Agreement is approved.

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.

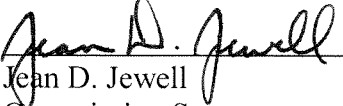
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this **27th** day of October 2015.


PAUL KJEILANDER, PRESIDENT


MARSHA H. SMITH, COMMISSIONER


KRISTINE RAPER, COMMISSIONER

ATTEST:


Jean D. Jewell
Commission Secretary

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