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Attorney for the Commission Staff

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF IDAHO POWER)	
COMPANY'S APPLICATION TO APPROVE OR)	CASE NO. IPC-E-15-24
REJECT ITS ENERGY SALES AGREEMENT)	
WITH NORTH GOODING MAIN HYDRO LLC)	COMMENTS OF THE
FOR THE SALE AND PURCHASE OF)	COMMISSION STAFF
<u>ELECTRIC ENERGY.</u>)	

COMES NOW the Staff of the Idaho Public Utilities Commission, by and through its attorney of record, Daphne Huang, Deputy Attorney General, and responds to the Notice of Application and Notice of Modified Procedure issued on September 22, 2015. The Staff submits the following comments in this case.

BACKGROUND

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.

On July 29, 2015, Idaho Power entered into its ESA with North Gooding – subject to this Commission's approval – pursuant to the terms and conditions of various Commission Orders and

PURPA. Application at 3. 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.

North Gooding’s facility is a seasonal hydro project. Application at 3. 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 rates¹ as currently established by Commission Order No. 33305 for energy deliveries less than 10 average megawatts (aMW). *Id.* The nameplate rating of North Gooding’s facility is 1.3 megawatts (MW). *Id.* at 4.

North Gooding has selected April 1, 2017, as the Scheduled Operation Date. *Id.* The ESA contains various requirements that North Gooding must satisfy 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.*

Under the ESA, 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 ANALYSIS

Staff reviewed Idaho Power’s original Application and discovered a clerical error of the all hours energy price for Season 2. On September 15, Idaho Power filed a replacement page

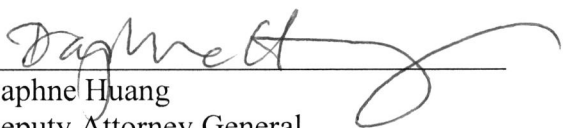
¹ The Commission uses the Surrogate Avoided Resource (SAR) methodology to calculate and publish rates for QFs with a design capacity up to a prescribed eligibility cap. *See* Order No. 32697 at 7-8. For QFs using non-wind, non-solar resource-types – such as hydro – the published rate eligibility cap is 10 average megawatts (aMW). *Id.*

containing a correct rate for the all hours energy price for Season 2. Staff has reviewed the proposed rates and confirms they are correct. All other terms and conditions contained in the proposed 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 North Gooding for purchase of energy will be allowed as prudently incurred expenses for ratemaking purposes.

Respectfully submitted this 13th day of October 2015.


Daphne Huang
Deputy Attorney General

Technical Staff: Yao Yin

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 13th DAY OF OCTOBER 2015, SERVED THE FOREGOING **COMMENTS OF THE COMMISSION STAFF** IN CASE NO. IPC-E-15-24, BY MAILING A COPY THEREOF, POSTAGE PREPAID, TO THE FOLLOWING:

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