

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF IDAHO POWER)	CASE NO. IPC-E-16-14
COMPANY'S APPLICATION TO)	
APPROVE NEW TARIFF SCHEDULE 63, A)	NOTICE OF
COMMUNITY SOLAR PILOT PROGRAM)	SETTLEMENT STIPULATION
)	
)	NOTICE OF
)	COMMENT DEADLINE
)	
)	ORDER NO. 33616

In June 2016, Idaho Power Company filed an Application with the Commission to authorize it to implement an optional program, Schedule 63, Community Solar Pilot Program. Under the Program, the Company proposes to build a 500 kilowatt (kW) single-axis tracking community solar array in southeast Boise that will allow a limited number of Idaho Power's customers to subscribe to the generation output.

The Commission issued a Notice of Application and Order setting a deadline for interested parties to intervene. Order No. 33552. The Commission received and granted petitions for intervention from Idaho Conservation League (ICL), Idaho Irrigation Pumpers Association (IIPA), Industrial Customers of Idaho Power (ICIP), Sierra Club, Snake River Alliance (SRA), and the City of Boise. Order Nos. 33552, 33557, 33560, 33562. The parties conferred informally and agreed upon a schedule to process the matter by Modified Procedure, and to engage in settlement discussions to address the parties' concerns about the project as initially proposed. The Commission issued a Notice of Modified Procedure adopting the parties' agreed schedule. Order No. 33569.

On September 26, 2016, Idaho Power filed a Settlement Stipulation and Agreed Motion to Approve Settlement Stipulation, signed by all parties to this matter. With the Motion, the Company filed supporting documents, including the revised proposed Schedule 63. The Commission now issues this Notice of the Settlement Stipulation and Notice of Comment Deadline.

NOTICE OF SETTLEMENT STIPULATION

YOU ARE HEREBY NOTIFIED that the parties have agreed to modify Schedule 63 (Community Solar Pilot Program) as it was proposed in the Company's Application. The terms

of the parties' agreement are set forth in a Settlement Stipulation signed by all parties. The Settlement Stipulation is summarized in part in this Notice, but the complete document and attachments (including revised Schedule 63) are available for public inspection, along with all other public documents filed in this matter, during regular business hours at the Commission offices. These records are 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 either case number as shown on the front of this document.

YOU ARE FURTHER NOTIFIED that the Settlement Stipulation addresses the following main concerns, among other issues, resulting from settlement discussions between the Parties: (1) calculation of the Program's solar energy credit; (2) the Program's subscription fee; (3) a Company-facilitated monthly fee option; and (4) the Company's cost recovery.

YOU ARE FURTHER NOTIFIED that, as to the solar energy credit, the parties have agreed that the Program "will use the on-bill Solar Energy Credit reflecting the embedded cost of energy, as well as the proposed application of each participant's portion of monthly generation as an offset to billed kilowatt-hours subject to the Power Cost Adjustment ('PCA')." Settlement Stipulation at 3. However, "the initially-proposed Program will be modified to provide the present value of the incremental difference between the DSM Alternate costs identified in the 2015 Integrated Resource Plan . . . and projected embedded energy costs as a reduction to the Subscription Fee." *Id.* at 4. The parties agreed Idaho Power "will provide the upfront investment necessary to facilitate the reduction to the participant Subscription Fee and should be authorized to recover the return on and return of that investment at the Company's then-current authorized rate of return through the annual PCA until the Company's next general rate case." *Id.*

YOU ARE FURTHER NOTIFIED that, as to the subscription fee, the parties agreed it will be lowered from \$740 (initially proposed) to \$562, reflecting three changes in "Rate Base Amounts":

- (1) a reduction reflecting the net present value of the incremental difference between the DSM Alternate Costs and the forecasted embedded cost of energy, as applied to the projected output of the project over the 25-year life of the Program;
- (2) removal of the cost of the smart inverters from the total project cost; and

- (3) a reduction reflecting the present value of the projected deferral of [transmission and distribution (T&D)] investments for the 25-year life of the project.

Id. at 4.

YOU ARE FURTHER NOTIFIED that, as to payment options, the parties agreed the Company will offer a “Bill Me” option, and a 24-month monthly fee option (with a monthly fee amount of \$26.31). *Id.* at 5. The parties agreed that “participants who choose the 24-month fee option may transfer their subscription(s) to eligible customers within the 24-month time period.” *Id.* The parties further agreed that, “[i]f eligible participants elect to utilize the 24-month fee option and fail to complete all 24 payments or request an eligible subscription transfer, Idaho Power will utilize a waitlist if customer interest has exceeded the amount of available subscriptions.” *Id.*

YOU ARE FURTHER NOTIFIED that the parties agreed the waitlist for the Program should “be prioritized on a first-come, first-served basis, and will provide customers with the option to purchase any unpaid subscriptions through a one-time payment at the amount of the unpaid balance.” *Id.* at 5-6.

YOU ARE FURTHER NOTIFIED that, as to cost recovery, the parties agreed “Idaho Power should be allowed to collect 100 percent of the revenue requirement associated with the Rate Base Amounts” described in the subscription fee provision, “through the Company’s annual PCA mechanism.” *Id.* at 6. In addition, the parties agreed that “any Operation and Maintenance expenses in excess of those included in the determination of subscription fees or specifically identified for recovery as part of this Settlement Stipulation must be reviewed for prudence by the Commission prior to recovery through customer rates.” *Id.*

YOU ARE FURTHER NOTIFIED that, under the Settlement Stipulation, “a portion of the initial project plant investment will be funded by Idaho Power and eligible for rate base treatment,” which “reflects anticipated Program net power cost savings,” thus the deferral of T&D investment, and other customer benefits would be paid for by all customers, as detailed in accounting treatment and cost recovery detailed in the Stipulation. *Id.* at 7.

YOU ARE FURTHER NOTIFIED that the Company agreed to submit an annual report to the Commission and stakeholders that would include the following items:

- The rate and timing of acquisition of subscriptions;

- Total subscriptions by rate class;
- The number of participants choosing each payment option;
- Default rate on the monthly fee option;
- Number of participant transfers to other eligible customers;
- Number of participant move-outs without subscription transfer;
- Marketing expenditures;
- Construction costs;
- System output and allocation to subscribers;
- Participant satisfaction survey results (when available);
- Operations and maintenance expense; and
- Warranty items.

Id. at 8.

YOU ARE FURTHER NOTIFIED that the parties agreed no party “shall be deemed to have agreed that any method, theory, or principle of regulation or cost recovery employed in arriving at this Settlement Stipulation is appropriate for resolving any issues in any other proceeding in the future.” *Id.* at 10. The parties further agreed that all “terms and conditions of this Settlement Stipulation are subject to approval by the Commission.” *Id.* at 10-11.

YOU ARE FURTHER NOTIFIED that the Commission is not bound by the parties’ settlement. The Commission will independently review any proposed settlement to determine whether it is just, fair and reasonable, in the public interest, or otherwise in accordance with law or regulatory policy. The proponents of a proposed settlement carry the burden of showing that the settlement is reasonable, in the public interest, or otherwise in accordance with law or regulatory policy.

NOTICE OF COMMENT DEADLINE

YOU ARE FURTHER NOTIFIED that the Commission issued a Notice of Modified Procedure inviting comment from interested persons regarding the initial Application, over a 21-day period ending September 6, 2016. Order No. 33569. Also, in its Application, the Company requested that this matter be processed as expeditiously as possible to ensure sufficient time to solicit Program participants and construct the solar array before its proposed June 2017 commercial operation date. Application at 2. Accordingly, we find it appropriate to set a 14-day comment period to receive comments specific to the settlement terms. *See* IDAPA 31.01.01.202.02.

YOU ARE FURTHER NOTIFIED that any person desiring to state a position on this Settlement Stipulation may file with the Commission a written comment in support or in opposition **by no later than 14 days from the service date of this Order**. The comment must contain a statement of reasons supporting the comment. Written comments concerning this Settlement Stipulation may be mailed to the Commission and the Company 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 St.
Boise, ID 83702-5918

Lisa Nordstrom
Matt Larkin
Peter Pengilly
Idaho Power
PO Box 70
Boise, ID 83707-0070
E-Mail: lnordstrom@idahopower.com
mlarkin@idahopower.com
ppengilly@idahopower.com
dockets@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 form using the case number as it appears on the front of this document. These comments must also be sent to the Company at the e-mail addresses listed above.

YOU ARE FURTHER NOTIFIED that the Company may file reply comments, if necessary, **by no later than 21 days from the service date of this Order**.

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 all proceedings in this case will be held pursuant to the Commission's jurisdiction under Title 61 of the Idaho Code, and specifically *Idaho Code* § 61-503.

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.*

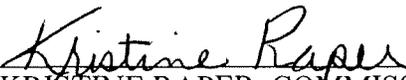
ORDER

IT IS HEREBY ORDERED that any interested persons and the parties may file written comments regarding the Settlement Stipulation by no later than 14 days from the service date of this Order. The Company may file a reply, if needed, by no later than 21 days from the service date of this Order.

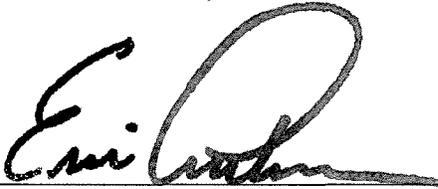
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this day of October 2016.



PAUL KJELLANDER, PRESIDENT

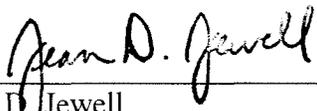


KRISTINE RAPER, COMMISSIONER



ERIC ANDERSON, COMMISSIONER

ATTEST:



Jean D. Jewell
Commission Secretary

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