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October 14, 2016

**VIA HAND DELIVERY**

Jean D. Jewell, Secretary  
Idaho Public Utilities Commission  
472 West Washington Street  
Boise, Idaho 83702

Re: Case No. IPC-E-16-22  
Idaho Power Company's Annual Compliance Filing to Update the Load and Gas Forecast Components of the Incremental Cost Integrated Resource Plan Avoided Cost Methodology

Dear Ms. Jewell:

Enclosed for filing in the above matter please find an original and seven (7) copies of Idaho Power Company's Annual Compliance Filing.

Very truly yours,

Donovan E. Walker

DEW:csb  
Enclosures

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Attorney for Idaho Power Company

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IDAHO POWER COMPANY'S ANNUAL	)	
COMPLIANCE FILING TO UPDATE THE	)	CASE NO. IPC-E-16-22
LOAD AND GAS FORECASTS IN THE	)	
INCREMENTAL COST INTEGRATED	)	IDAHO POWER COMPANY'S
RESOURCE PLAN AVOIDED COST	)	ANNUAL COMPLIANCE FILING
MODEL.	)	
_____	)	

Idaho Power Company ("Idaho Power") hereby respectfully submits to the Idaho Public Utilities Commission ("Commission") this filing, in compliance with Order Nos. 32697 and 32802, to update the load forecast and natural gas forecast components of the incremental cost Integrated Resource Plan ("ICIRP") avoided cost methodology.

**I. INTRODUCTION**

In its final Order No. 32697, the Commission determined that the inputs to the ICIRP avoided cost methodology, utilized for all proposed Public Utility Regulatory Policies Act of 1978 ("PURPA") qualifying facility ("QF") projects that exceed the

published rate eligibility cap, will be updated every two years upon acknowledgement of the utility's Integrated Resource Plan filing, with the exception of the load forecast and the natural gas forecast, which is to be updated annually by October 15 of each year.

The Commission stated:

We find that, in order to maintain the most accurate and up-to-date reflection of a utility's true avoided cost, utilities must update fuel price forecasts and load forecasts annually – between IRP filings. For the sake of consistency, these annual updates should occur simultaneously with SAR updates – on June 1 of each year. In addition, it is appropriate to consider long-term contract commitments because of the potential effect that such commitments have on a utility's load and resource balance. We find it reasonable to include long-term contract considerations in an IRP Methodology calculation at such time as the QF and utility have entered into a signed contract for the sale and purchase of QF power. We further find it appropriate to consider PURPA contracts that have terminated or expired in each utility's load and resource balance. We find it reasonable that all other variables and assumptions utilized within the IRP Methodology remain fixed between IRP filings (every two years).

Order No. 32697, p. 22. The date for the annual update was later changed from June 1 to October 15 of each year. Order No. 32802.

The load forecast, natural gas forecast, and contract information presented below in compliance with the Commission's orders have been incorporated into Idaho Power's ICIRP avoided cost methodology. Consistent with the Commission's prior orders, this methodology will be utilized by Idaho Power as the starting point for the negotiation of its contractual avoided cost rates as of October 15, 2016.

## **II. LOAD FORECAST**

Idaho Power's most recent load forecast from October 2016 shows, on average, a decrease in Idaho Power customer loads when compared to the October 2015 load

forecast that was provided to the Commission in Case No. IPC-E-15-25 and approved by the Commission in Order No. 33417.

Table 1 and Graph 1 below show the average annual load forecast for both the previously approved October 2015 load forecast and the most recent 2016 load forecast through 2034.

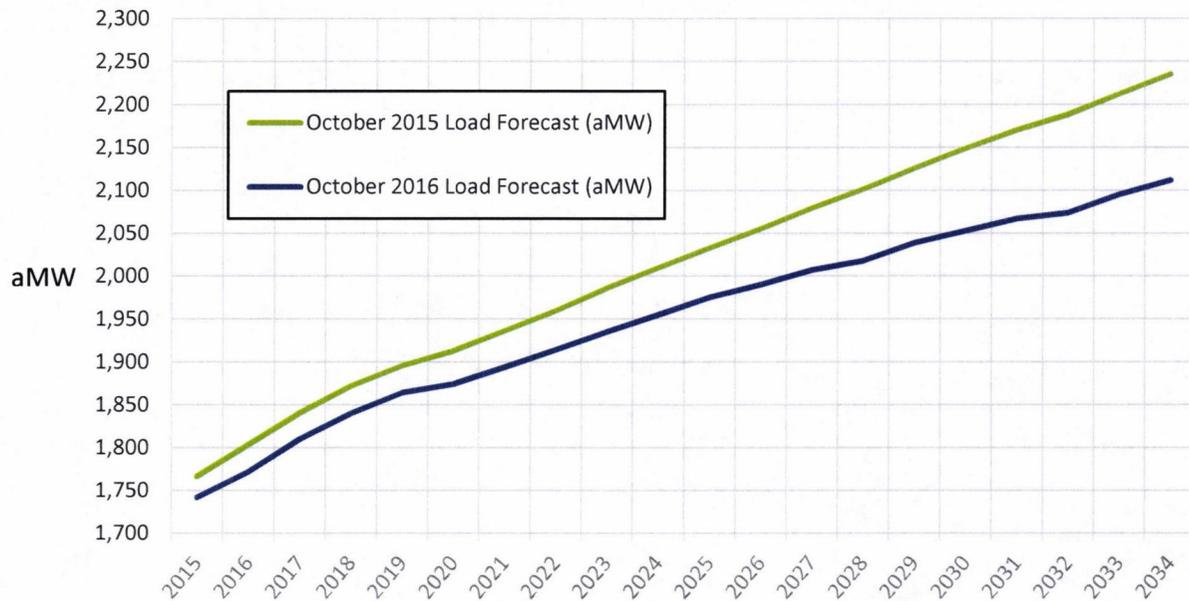
**TABLE 1**

**Average Annual Load Forecast**

<b><u>Year</u></b>	<b><u>October 2015 (aMW)</u></b>	<b><u>October 2016 (aMW)</u></b>
2016	1,803	1,772
2017	1,840	1,810
2018	1,872	1,840
2019	1,895	1,864
2020	1,912	1,874
2021	1,936	1,894
2022	1,959	1,914
2023	1,986	1,935
2024	2,010	1,955
2025	2,033	1,975
2026	2,055	1,990
2027	2,079	2,007
2028	2,102	2,018
2029	2,126	2,039
2030	2,149	2,053
2031	2,170	2,067
2032	2,188	2,074
2033	2,212	2,095
2034	2,235	2,112

## **GRAPH 1**

### **Load Forecast**



### **III. NATURAL GAS PRICE FORECAST**

As of October 15, 2016, Idaho Power will update the natural gas price forecast within the ICIRP avoided cost model to reflect the most recent U.S. Energy Information Administration (“EIA”) natural gas price forecast published in 2016. The October 2016 gas forecast is the nominal EIA forecast for Henry Hub in compliance with the direction from Order No. 32980. It indicates a decrease in the average annual natural gas forecast prices over the 20-year period in comparison to the EIA 2015 natural gas price forecast that was used in the ICIRP avoided cost model from the previous update.

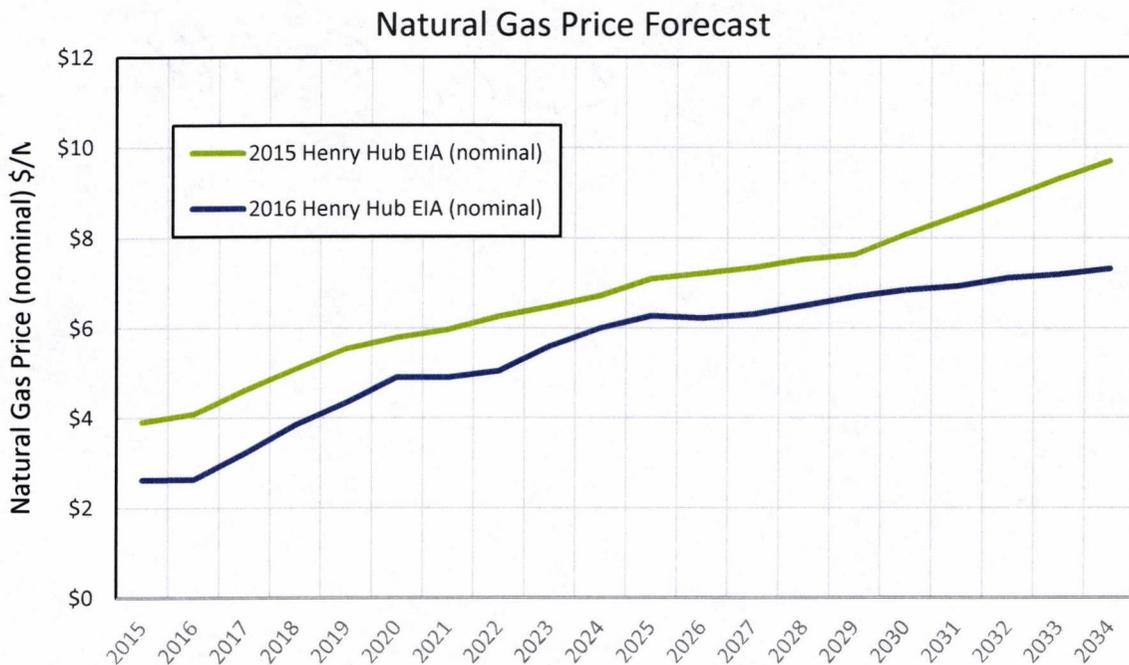
Table 2 and Graph 2 show the 2015 EIA natural gas price forecast and the current 2016 EIA natural gas price forecast.

**TABLE 2**

**Henry Hub EIA Natural Gas forecast**

Year	October 2015 (nominal \$)	October 2016 (nominal \$)
2015	3.90	2.62
2016	4.09	2.63
2017	4.61	3.21
2018	5.07	3.83
2019	5.54	4.34
2020	5.79	4.90
2021	5.97	4.89
2022	6.25	5.03
2023	6.48	5.59
2024	6.72	6.00
2025	7.09	6.27
2026	7.21	6.22
2027	7.34	6.31
2028	7.52	6.50
2029	7.63	6.69
2030	8.07	6.84
2031	8.48	6.93
2032	8.89	7.11
2033	9.31	7.19
2034	9.70	7.32

**GRAPH 2**



#### **IV. CONTRACT TERMINATIONS, EXPIRATIONS, AND ADDITIONS**

Idaho Power currently has three non-PURPA, long-term power purchase agreements: Elkhorn Valley Wind (101 megawatts ("MW")), Raft River Geothermal (13 MW), and Neal Hot Springs Geothermal (22 MW). Idaho Power currently has 130 contracts with PURPA QF projects with a nameplate capacity of 1,132 MW. Please see Attachment 1 attached hereto for a list of new and terminated contracts as of October 10, 2016, and since the last update submitted on October 15, 2015. New contracts, terminated or expired contracts, as well as new contract pricing are all included in the ICIRP model on a continuous basis.

#### **V. CONCLUSION**

Idaho Power hereby respectfully submits this updated load forecast, natural gas forecast, and contract information in compliance with the Commission's directives in Order Nos. 32697 and 32802 and asks the Commission to accept the same for filing.

Respectfully submitted this 14<sup>th</sup> day October 2016.



**DONOVAN E. WALKER**  
Attorney for Idaho Power Company

**BEFORE THE  
IDAHO PUBLIC UTILITIES COMMISSION  
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**IDAHO POWER COMPANY**

**ATTACHMENT 1**

**Projects On-Line**

<u>Facility Type</u>	<u>Project Name</u>	<u>State</u>	<u>Replacement Contract Date</u>	<u>Project Size (MW)</u>
CoGen	Simplot - Pocatello	ID	1/4/2016	15.90
Hydro	Mud Creek S&S	ID	10/5/2016	0.52
<b>TOTAL</b>				<b>16.42</b>

**Terminated Energy Sales Agreements**

<u>Facility Type</u>	<u>Project Name</u>	<u>State</u>	<u>Termination Date</u>	<u>Project Size (MW)</u>
Solar	Fairway Solar	OR	2/3/2016	10.00
Solar	Malheur River Solar	OR	2/3/2016	10.00
Solar	Olds Ferry Solar	OR	2/3/2016	5.00
Solar	Arcadia Solar	OR	2/17/2016	5.00
Solar	Evergreen Solar	OR	2/17/2016	10.00
Solar	Jamieson Solar	OR	2/17/2016	4.00
Solar	John Day Solar	OR	2/17/2016	5.00
Solar	Little Valley Solar	OR	2/17/2016	10.00
Solar	Moore's Hollow Solar	OR	2/17/2016	10.00
Solar	Pocatello Solar 1	ID	5/6/2016	20.00
<b>TOTAL</b>				<b>89.00</b>