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IDAHO PUBLIC
UTILITIES COMMISSION

DONOVAN E. WALKER
Lead Counsel
dwalker@idahopower.com

November 1, 2016

VIA HAND DELIVERY

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

Re: Case No. IPC-E-16-26
USG Oregon, LLC – Neal Hot Springs Geothermal Project
Idaho Power Company's Application for Approval of Second Amendment
to Power Purchase Agreement

Dear Ms. Jewell:

Enclosed for filing in the above matter please find an original and seven (7) copies of Idaho Power Company's Application for Approval of Second Amendment to Power Purchase Agreement.

Very truly yours,

Donovan E. Walker

DEW:csb
Enclosures

DONOVAN E. WALKER (ISB No. 5921)
Idaho Power Company
1221 West Idaho Street (83702)
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UTILITIES COMMISSION

Attorney for Idaho Power Company

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)
OF IDAHO POWER COMPANY FOR) CASE NO. IPC-E-16-26
APPROVAL OF THE SECOND)
AMENDMENT TO THE POWER) APPLICATION FOR APPROVAL
PURCHASE AGREEMENT BETWEEN) OF SECOND AMENDMENT TO
IDAHO POWER COMPANY AND USG) POWER PURCHASE AGREEMENT
OREGON, LLC.)
_____)

Idaho Power Company ("Idaho Power"), in accordance with RP 52 and the applicable provisions of the Public Utility Regulatory Policies Act of 1978 ("PURPA"), hereby respectfully applies to the Idaho Public Utilities Commission ("Commission") for an order approving the Second Amendment to the Power Purchase Agreement between Idaho Power Company and USG Oregon, LLC ("Amendment") for the Neal Hot Springs geothermal project ("Project"). This Amendment makes a change to Appendix B-1, Description of Facility, of the Power Purchase Agreement ("PPA") to allow for the use of air and/or water cooled power plant units. This change has no material effect on



the PPA terms and conditions, nor does it change any performance requirements of the PPA.

In support of this Application, Idaho Power represents as follows:

I. INTRODUCTION AND BACKGROUND

1. Idaho Power and USG Oregon, LLC (“Seller”) entered into a PPA on December 11, 2009, for the purchase and sale of energy produced by the Neal Hot Springs geothermal project located near Vale, Oregon. This PPA was approved by the Commission in Order No. 31087, Case No. IPC-E-09-34, on May 20, 2010.

2. In accordance with the first paragraph of Appendix B-1 of the PPA, the Seller was required to provide Idaho Power with an updated Description of Facility to “include specific generation and geothermal plant information.” The Seller provided the revised Appendix B-1, Description of Facility, to Idaho Power on July 5, 2012. This Amendment makes a change to the revised Appendix B-1, Description of Facility, provided by the Seller.

3. On February 20, 2015, the parties to the PPA executed a First Amendment to change the definition of Mid-Columbia Market Energy Cost in the PPA consistent with the stipulation approved by the Commission Order No. 33053 on June 10, 2014. The First Amendment was approved by the Commission in Order No. 33274 on April 15, 2015.

4. In December 2015, Seller notified Idaho Power that since operations of the Project commenced it experiences high equipment vibration and less-than-planned generation during the summer season when high ambient temperature adversely affects the Project. To remedy the issue, the Seller has been investigating the addition of a

water cooling system to the Project, which currently only utilizes air cooling. According to the Project, this modification would not increase the average annual net energy output above the 25,000 kilowatt limit provided for in Article 3.1.1(c) of the PPA, nor would it impact the instantaneous or the Maximum Capacity limits as described in Article 8.3 of the PPA.

5. On September 29, 2016, the parties agreed to amend the PPA to change Appendix B, Section B-1, Description of Facility, Item 1 of the PPA to include the words “and/or water cooled,” along with some minor typographical corrections to subsequent items in Appendix B-1 (see Attachment 1). A redlined version of Appendix B, Section B-1, is attached to this Application as Attachment 2.

II. THE AMENDMENT

6. The Amendment changes Appendix B, Section B-1, Description of Facility, Item 1 of the PPA to include the words “and/or water cooled,” along with some minor typographical corrections to subsequent items in Appendix B-1. Section B-2 of Appendix B remains unchanged. None of the changes/corrections contained in the Amendment change the terms and conditions or obligations of the parties under the PPA. These changes are only to allow for the Project to utilize water cooling and to correct minor typographical errors in Appendix B, Section B-1.

III. PROCEDURE

7. Given the limited scope of the Amendment, Idaho Power requests that the Amendment be approved without further process.

8. Alternatively, should the Commission determine that further process is required, Idaho Power believes that a hearing is not necessary to consider the issues

presented herein and respectfully requests that this Application be processed under Modified Procedure; i.e., by written submissions rather than by hearing. RP 201, *et seq.*

IV. COMMUNICATIONS AND SERVICE OF PLEADINGS

9. Communications and service of pleadings, exhibits, orders, and other documents relating to this proceeding should be sent to the following:

Donovan E. Walker
Lead Counsel
Idaho Power Company
1221 West Idaho Street (83702)
P.O. Box 70
Boise, Idaho 83707
dwalker@idahopower.com
dockets@idahopower.com

Randy C. Allphin
Energy Contracts Leader
Idaho Power Company
1221 West Idaho Street (83702)
P.O. Box 70
Boise, Idaho 83707
rallphin@idahopower.com

V. REQUEST FOR RELIEF

10. Idaho Power respectfully requests that the Commission issue an order accepting the Second Amendment to the Power Purchase Agreement between Idaho Power Company and USG Oregon, LLC, submitted herewith without change or condition.

Respectfully submitted this 1st day of November 2016.



DONOVAN E. WALKER
Attorney for Idaho Power Company

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on the 1st day of November 2016 I served a true and correct copy of the within and foregoing APPLICATION FOR APPROVAL OF SECOND AMENDMENT TO POWER PURCHASE AGREEMENT upon the following named parties by the method indicated below, and addressed to the following:

USG Oregon, LLC
USG Oregon, LLC
390 East Parkcenter Boulevard, Suite 250
Boise, Idaho 83706

Hand Delivered
 U.S. Mail
 Overnight Mail
 FAX
 Email dgilles@usgeothermal.com
khawkley@usgeothermal.com



Christa Beary, Legal Assistant

**BEFORE THE
IDAHO PUBLIC UTILITIES COMMISSION**

CASE NO. IPC-E-16-26

IDAHO POWER COMPANY

ATTACHMENT 1

**SECOND AMENDMENT
TO THE
POWER PURCHASE AGREEMENT
BETWEEN
IDAHO POWER COMPANY
AND
USG OREGON, LLC**

This Second Amendment of the Power Purchase Agreement (“Second Amendment”) is entered into on this 29th day of September, 2016, by and between Idaho Power Company, an Idaho corporation (“Idaho Power”), and USG Oregon, LLC, a Delaware limited liability company (“USG Oregon” or “Seller”) (individually a “Party” and collectively the “Parties”).

WITNESSETH:

WHEREAS, Idaho Power and Seller entered into a Firm Energy Sales Agreement on December 11, 2009, (“Agreement”) for the purchase and sale of energy produced by the Seller’s facility (“Project”) that was approved by the Idaho Public Utilities Commission (“Idaho PUC”) in Order No. 31087 on May 20, 2010;

WHEREAS, on February 20, 2015, the Parties entered into a First Amendment to change the definition of Mid-Columbia Market Energy Cost in the Agreement consistent with the Stipulation approved by the Idaho PUC in Order No. 33053 on June 10, 2014. The First Amendment was approved by the Idaho PUC in Order No. 33274 on April 15, 2015;

WHEREAS, the Project experiences high equipment vibration and less-than-planned generation during the summer season when high ambient temperatures adversely affect the facility. To remedy this issue, the Project is investigating the addition of a water cooling system to the facility which currently only utilizes air cooling;

WHEREAS, the Parties agree to amend the Agreement to modify Section B-1 (DESCRIPTION OF FACILITY) of Appendix B to the Agreement to expressly include water cooling in the description of the Project and to otherwise more precisely describe the Project; and

NOW THEREFORE, in consideration of the mutual promises and covenants and other consideration set forth herein, the receipt and sufficiency of which are hereby acknowledged, the Parties agree to the following amendments to the Agreement:

1. **Incorporation of Recitals.** The above-stated recitals are incorporated in this Second Amendment and made a part of this Second Amendment by this reference to the same extent as if these recitals were set forth in full at this point.
2. **Amendment of Section B-1 of Appendix B.** Delete Section B-1 (DESCRIPTION OF FACILITY) of Appendix B to the Agreement in its entirety and replace with the text on Exhibit A, attached hereto. Section B-2 of Appendix B is unchanged.

3. **Commission Approval.** The obligations of the Parties under this Second Amendment are subject to the Idaho PUC's approval of this Second Amendment and such approval being upheld on appeal, if any, by a court of competent jurisdiction. The Parties will submit this Second Amendment to the Idaho PUC and recommend approval in its entirety pursuant to RP 274.
4. **Effect of Amendment.** Except as expressly amended by this Second Amendment, the Agreement shall remain in full force and effect.
5. **Capitalized Terms.** All capitalized terms used in this Second Amendment and not defined herein shall have the same meaning as used in the Agreement.
6. **Scope of Amendment.** This Second Amendment shall be binding upon and inure to the benefit of the Parties hereto, and their respective heirs, executors, administrators, successors, and assigns, who are obligated to take any action which may be necessary or proper to carry out the purpose and intent thereof.
7. **Authority.** Each Party represents and warrants that (i) it validly exists and in good standing in the state in which it is organized, (ii) it is the proper party to amend the Agreement, and (iii) it has the requisite authority to execute this Second Amendment.
8. **Counterparts.** This Second Amendment may be executed in any number of counterparts, each of which shall be deemed an original and all of which taken together shall constitute a single instrument.

IN WITNESS WHEREOF, the Parties hereto have caused this Second Amendment to be executed in their respective names on the dates set forth below:

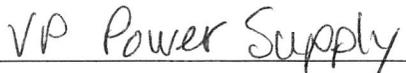
USG OREGON, LLC

IDAHO POWER COMPANY

By: 
 Name: Jonathan Zurkoff

By: 
 Name: Tessia Park

Title: Treasurer

Title: 

Date: September 23, 2016

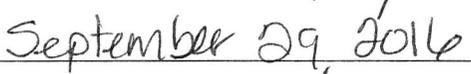
Date: 

EXHIBIT A

Section B-1 of Appendix B to the PPA for Neal Hot Springs

B-1 DESCRIPTION OF FACILITY

The Facility

The Facility is the Neal Hot Springs Geothermal Power Plant comprising:

1. Three independent air cooled and/or water cooled power plant Units using a supercritical Organic Rankine Cycle with R-134a as the working fluid. The generator ratings are:

Volts	Hz	Ambient	Temp. Rise	kVA	kW	Power Factor	RPM
12,470	60	40° C	80° C	12,222	11,000	0.90	1,800

All Station Use for the Facility is provided from generation equipment within the Facility whenever Test Energy or Net Energy is being delivered to the Buyer.

2. The connecting electrical distribution system includes:
 - a. Three overhead 12.5kV circuits (one per Unit), which also feed the production well pumps and other miscellaneous electrical equipment; and
 - b. The substation including the step-up transformer and the diesel generator.
3. The geothermal energy system of the Facility includes:
 - a. Four geothermal production wells with installed line-shaft pumps;
 - b. Interconnecting production and injection pipelines to deliver the hot geothermal water from the production wells to the Units, and the cooled geothermal waters from the Units to the injection wells; and
 - c. Nine geothermal injection wells.
4. Shared Facilities
 - a. The Units share the storage tanks for the refrigerant, refrigerant transfer equipment, and instrument air compressors.
 - b. All of the Facility elements share the supervisory control system, including communication equipment.
 - c. There is an office and shop complex.

Expected Annual Average Capacity from the Facility

The Expected Annual Average Capacity (as used in Paragraph 8.5.4) is 21,000 kW, excluding Forced and Scheduled Outages.

**BEFORE THE
IDAHO PUBLIC UTILITIES COMMISSION**

CASE NO. IPC-E-16-26

IDAHO POWER COMPANY

ATTACHMENT 2

EXHIBIT A

Section B-1 of Appendix B to the PPA for Neal Hot Springs

B-1 DESCRIPTION OF FACILITY

The Facility

The Facility is the Neal Hot Springs Geothermal Power Plant comprising:

1. Three independent air cooled and/or water cooled power plant Units using a supercritical Organic Rankine Cycle with R-134a as the working fluid. The generator ratings are:

Volts	Hz	Ambient	Temp. Rise	kVA	kW	Power Factor	RPM
12,470	60	40° C	80° C	12,222	11,000	0.90	1,800

All Station Energy used by the Facility is provided from generation equipment within the Facility whenever Test Energy or Net Energy is being delivered to the Buyer.

2. The connecting electrical distribution system includes:
 - a. Three overhead 12.5kV circuits (one per Unit), which also feed the production well pumps and other miscellaneous electrical equipment; and
 - b. The substation including the step-up transformer and the diesel generator.
3. The geothermal energy system of the Facility includes:
 - a. Four geothermal production wells with installed line-shaft pumps;
 - b. Interconnecting production and injection pipelines to deliver the hot geothermal water from the production wells to the Units, and the cooled geothermal waters from the Units to the injection wells; and
 - c. Nine geothermal injection wells.
4. Shared Facilities
 - a. The Units share the storage tanks for the refrigerant, refrigerant transfer equipment, and instrument air compressors.
 - b. All of the Facility elements share the supervisory control system, including communication equipment.
 - c. There is an office and shop complex.

Expected Annual Average Capacity from the Facility

The Expected Annual Average Capacity (as used in Paragraph 8.5.4) is 21,000 kW, excluding Forced and Scheduled Outages.