

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

<b>IN THE MATTER OF THE APPLICATION</b>	)	<b>CASE NO. IPC-E-17-04</b>
<b>OF IDAHO POWER COMPANY TO</b>	)	
<b>APPROVE ITS ENERGY SALES</b>	)	<b>NOTICE OF APPLICATION</b>
<b>AGREEMENT WITH CAFCO IDAHO</b>	)	
<b>REFUSE MANAGEMENT LLC, IDAHO</b>	)	<b>NOTICE OF</b>
<b>FOR THE SALE AND PURCHASE OF</b>	)	<b>MODIFIED PROCEDURE</b>
<b>ELECTRIC ENERGY FROM THE SISW</b>	)	
<b>LFGE PROJECT</b>	)	<b>ORDER NO. 33738</b>

On March 22, 2017, Idaho Power Company filed an Application asking the Commission to approve its Energy Sales Agreement with CAFCO Idaho Refuse Management LLC, Idaho (“CAFCO”). The Agreement falls under the Public Utility Regulatory Policies Act of 1978 (PURPA), and is a contract for the sale of electric energy purchased by Idaho Power, and generated by CAFCO’s Southern Idaho Regional Solid Waste District Landfill Gas to Energy Project (“SISW LFGE” or “Facility”) near Burley, Idaho. Idaho Power asked that its Application be processed by Modified Procedure.

With this Order, the Commission provides notice of the Company’s Application, and notice that the matter will be processed by Modified Procedure, with deadlines to submit comments about the Application as set forth herein.

**BACKGROUND**

Under PURPA, electric utilities must purchase electric energy from “qualifying facilities” (QFs) at rates approved by this Commission. 16 U.S.C. § 824a-3; *Idaho Power Co. v. Idaho PUC*, 155 Idaho 780, 789, 316 P.3d 1278, 1287 (2013). The purchase or “avoided cost” rate shall not exceed the “‘incremental cost’ to the purchasing utility of power which, but for the purchase of power from the QF, such utility would either generate itself or purchase from another source.” Order No. 32697 at 7, *citing Rosebud Enterprises v. Idaho PUC*, 128 Idaho 624, 917 P.2d 781 (1996); 18 C.F.R. § 292.101(b)(6) (defining “avoided cost”).

The Commission has established two methods of calculating avoided cost, depending on the size of the QF project: (1) the surrogate avoided resource (SAR) methodology, and (2) the integrated resource plan (IRP) methodology. *See* Order No. 32697 at 7-8. The Commission uses the SAR methodology – which applies to the Facility in this case – to establish “published”

avoided cost rates. *Id.* Published rates are available for wind and solar QFs with a design capacity of up to 100 kilowatts (kW), and for QFs of all other resource types with a design capacity of up to 10 average megawatts (aMW). *Id.*

In calculating avoided cost, the Commission has found it “reasonable, appropriate and in the public interest to compensate QFs separately based on a calculation of not only the energy they produce, but the capacity that they can provide to the purchasing utility.” Order No. 32697 at 16. In calculating capacity, the Commission considers “each utility’s capacity deficiency based on load and resource balances found in each utility’s [Integrated Resource Plan] IRP,” as well as “a QF’s ability to contribute to a utility’s need for capacity.” *Id.* at 16, 21.

### NOTICE OF APPLICATION

YOU ARE HEREBY NOTIFIED that Idaho Power entered into its Agreement with CAFCO on March 13, 2017, subject to this Commission’s approval, and pursuant to the terms and conditions of various Commission Orders and PURPA. Application at 3. Under the Agreement’s terms, CAFCO elected to contract with Idaho Power for a 20-year term using the non-levelized “other” published avoided cost rates, as established by the Commission (Order No. 33538) for energy deliveries of less than 10 aMW. *Id.*

YOU ARE FURTHER NOTIFIED that, although the nameplate rating of the Facility is 5 megawatts (MW), CAFCO agrees not to exceed 10 aMW on a monthly basis. *Id.* at 4. If the Facility does exceed the monthly 10 aMW limit, CAFCO agrees that “Idaho Power will accept the energy (Inadvertent Energy) that does not exceed the Maximum Capacity Amount, but will not purchase or pay for this Inadvertent Energy.” *Id.*

YOU ARE FURTHER NOTIFIED that CAFCO has agreed to October 1, 2018, as the Scheduled Operation date. *Id.* The terms and provisions of the Agreement include that “applicable interconnection charges and monthly operation and maintenance charges under Schedule 72 will be assessed to [CAFCO].” *Id.* Also, PURPA QF generation “must be designated as a network resource (“DNR”) to serve Idaho Power’s retail load on its system.” *Id.* To maintain DNR status, “there must be a power purchase agreement associated with [the project’s] transmission service request that maintains compliance with Idaho Power’s non-discriminatory administration of its Open Access Transmission Tariff (OATT) and maintains compliance with [Federal Energy Regulatory Commission] FERC requirements.” *Id.* at 4-5.

YOU ARE FURTHER NOTIFIED that, under its terms, the Agreement will not become effective “until the Commission has approved all of [its] terms and conditions and declared that all payments Idaho Power makes to CAFCO for purchases of energy will be allowed as prudently incurred expenses for ratemaking purposes.” *Id.* at 5.

YOU ARE FURTHER NOTIFIED that the Application and a copy of the Agreement have been filed with the Commission and are available for public inspection during regular business hours at the Commission offices. The Application and attachments are also available on the Commission’s web site at [www.puc.idaho.gov](http://www.puc.idaho.gov). Click on the “File Room” tab at the top of the page, then select “Electric Cases” and click on the case numbers as shown on the front of this document.

### NOTICE OF MODIFIED PROCEDURE

YOU ARE FURTHER NOTIFIED that the Commission has determined that the public interest may not require a formal hearing in this matter and will proceed under Modified Procedure pursuant to Rules 201 through 204 of the Idaho Public Utilities Commission’s Rules of Procedure, IDAPA 31.01.01.201-204. The Commission notes that Modified Procedure and written comments have proven to be an effective means for obtaining public input and participation.

YOU ARE FURTHER NOTIFIED that any person desiring to state a position on this Application may file a written comment in support or in opposition with the Commission **within 21 days from the service date of this Order**. The comment must contain a statement of reasons supporting the comment. Persons desiring a hearing must specifically request a hearing in their written comments. Written comments concerning this Application may be mailed to the Commission and Idaho Power 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 Street  
Boise, ID 83702-5918

Donovan E. Walker, Lead Counsel  
Idaho Power Company  
PO Box 70  
Boise, ID 83707-0070  
E-mail: [dwalker@idahopower.com](mailto:dwalker@idahopower.com)  
[dockets@idahopower.com](mailto:dockets@idahopower.com)  
[energycontracts@idahopower.com](mailto:energycontracts@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](http://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 Idaho Power may file reply comments, if necessary, **no later than 28 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. The Commission has authority under PURPA and the implementing regulations of the Federal Energy Regulatory Commission (FERC) to set avoided costs, to order electric utilities to enter into fixed-term obligations for the purchase of energy from qualified facilities and to implement FERC rules. The Commission may enter any final Order consistent with its authority under Title 61 and PURPA.

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.*

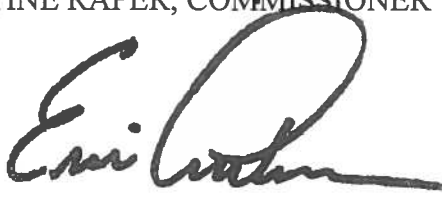
### **ORDER**

IT IS HEREBY ORDERED that this case be processed under Modified Procedure. Interested persons may file written comments no later than 21 days from the service date of this Order. Idaho Power may file a reply, if necessary, no later than 28 days from the service date of this Order.

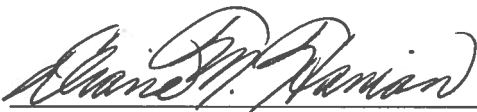
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 4<sup>th</sup>  
day of April 2017.

  
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PAUL KJEILANDER, PRESIDENT

  
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KRISTINE RAPER, COMMISSIONER

  
\_\_\_\_\_  
ERIC ANDERSON, COMMISSIONER

ATTEST:

  
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Diane M. Hanian  
Commission Secretary

O:IPC-E-17-04\_djh