

EDITH PACILLO
DEPUTY ATTORNEY GENERAL
IDAHO PUBLIC UTILITIES COMMISSION
PO BOX 83720
BOISE, IDAHO 83720-0074
(208) 334-0318
IDAHO BAR NO. 5430

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Street Address for Express Mail:
472 W. WASHINGTON
BOISE, IDAHO 83702-5918

Attorney for the Commission Staff

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION OF)	
IDAHO POWER COMPANY FOR APPROVAL)	CASE NO. IPC-E-18-04
OR REJECTION OF AN ENERGY SALES)	
AGREEMENT WITH EVERGREEN ENERGY,)	COMMENTS OF
INC., FOR THE SALE AND PURCHASE OF)	COMMISSION STAFF
ELECTRIC ENERGY FROM THE TAMARACK)	
<u>CSPP PROJECT.</u>)	

COMES NOW the Staff of the Idaho Public Utilities Commission, by and through its attorney of record, Edith Pacillo, Deputy Attorney General, and in response to the Notice of Application and Modified Procedure issued in Order No. 34051 on May 7, 2018, in Case No. IPC-E-18-04, submits the following comments.

BACKGROUND

On March 29, 2018, Idaho Power Company applied to the Commission for an Order approving or rejecting its Energy Sales Agreement (ESA) with Evergreen Energy, Inc. (Evergreen). Under the proposed ESA, Evergreen would sell and Idaho Power would purchase electric energy generated by the Tamarack CSPP biomass project located near Tamarack, Idaho. The Tamarack CSPP biomass project is a 6.25 megawatt (MW) "qualifying facility" (QF) under the Public Utility Regulatory Policies Act (PURPA). The parties have an existing ESA for the

facility that expires on May 31, 2018; the proposed ESA is a replacement contract with a new term and updated published avoided cost rates. Because the ESA is a replacement contract, its rates contain capacity payments for the entire term.

STAFF ANALYSIS

Idaho Power and Evergreen agree to be bound by the currently approved and existing 90/110 provision and operations and maintenance (O&M) fees provision unless and until the Commission issues a final order on the petition from Idahydro, Shorock Hydro Inc., the J.R. Simplot Company, and the Renewable Energy Coalition regarding these two provisions in Case No. IPC-E-18-07. Staff finds this procedure acceptable.

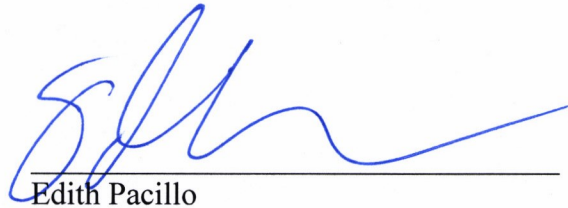
Evergreen elected to contract with Idaho Power for a 20-year term using the levelized, published avoided cost rates. Compared to the non-levelized rates, levelized rates are higher in the beginning years, and the overpayment will be offset in the later years. All the overpayment will be fully offset when the contract expires. Therefore, if the contract terminates earlier than expected, the overpayment will not be fully offset; Idaho Power will calculate the overpayments and receive a refund from the QF. Staff reviewed the overpayment calculation method and believes the approach is appropriate.

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.

RECOMMENDATION

Staff recommends that the Commission approve all of the Agreement's terms and conditions and declare that all payments made by Idaho Power to Evergreen for purchase of energy from the Tamarack CSPP biomass project will be allowed as prudently incurred expenses for ratemaking purposes.

Respectfully submitted this 18th day of May 2018.



Edith Pacillo
Deputy Attorney General

Technical Staff: Yao Yin
Rachelle Farnsworth

i:umisc:comments/ipce18.4epyyrf comments


CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 21st DAY OF MAY 2018,
SERVED THE FOREGOING **COMMENTS OF THE COMMISSION STAFF**, IN
CASE NO. IPC-E-18-04, BY MAILING A COPY THEREOF, POSTAGE PREPAID,
TO THE FOLLOWING:

DONOVAN E WALKER
REGULATORY DOCKETS
IDAHO POWER COMPANY
PO BOX 70
BOISE ID 83707-0070
E-mail: dwalker@idahopower.com
dockets@idahopower.com

ENERGY CONTRACTS
IDAHO POWER COMPANY
PO BOX 70
BOISE ID 83707-0070
E-mail: energycontracts@idahopower.com

PRESTON N CARTER
GIVENS PURSLEY LLP
601 W BANNOCK ST
BOISE ID 83702
E-mail: prestoncarter@givenspursley.com



SECRETARY