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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION OF IDAHO POWER COMPANY FOR APPROVAL OR REJECTION OF AN ENERGY SALES AGREEMENT WITH MC6 HYDRO LLC, FOR THE SALE AND PURCHASE OF ELECTRIC ENERGY FROM THE MC6 HYDRO PROJECT	**CASE NO. IPC-E-18-09** **COMMENTS OF COMMISSION STAFF**

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 Notice of Modified Procedure issued in Order No. 34068 on May 29, 2018, in Case No. IPC-E-18-09, submits the following comments.

BACKGROUND

On May 2, 2018, Idaho Power Company applied to the Commission for an Order approving or rejecting its Energy Sales Agreement (ESA) with MC6 Hydro LLC (MC6). Under the proposed ESA, MC6 would sell and Idaho Power would purchase electric energy generated by the MC6 Hydro project near Kuna, Idaho (the Facility). Application at 1. The MC6 project is a new 2.1 megawatt (MW) "qualifying facility" (QF) under the Public Utility Regulatory Policies Act (PURPA). *Id.* at 4.

The proposed ESA is fully executed by both parties, and contains the Commission's standard terms and conditions relating to surplus energy ("90%/110%") and operations and maintenance fees. *Id.* at 3.

Because the Facility is a new QF, the capacity payments will begin in year 2026. *Id.* at 2. The proposed ESA is a new contract with a 20-year term using the rates calculated by Commission Staff for a QF in the non-levelized, non-seasonal hydro category pursuant to the surrogate avoided resource methodology, as directed by the Commission in Order No. 33898. *Id.* at 4.

STAFF ANALYSIS

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 MC6 for purchase of energy from the Facility will be allowed as prudently incurred expenses for ratemaking purposes.

Respectfully submitted this 19th day of June 2018.

for: Edith Pacillo
Deputy Attorney General

Technical Staff: Rachelle Farnsworth
Yao Yin

i:umisc:comments/ipce18.9eprfyy comments

CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 19TH DAY OF JUNE 2018, SERVED THE FOREGOING **COMMENTS OF THE COMMISSION STAFF,** IN CASE NO. IPC-E-18-09, BY MAILING A COPY THEREOF, POSTAGE PREPAID, TO THE FOLLOWING:

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