BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

|  |  |  |
| --- | --- | --- |
| IN THE MATTER OF THE APPLICATION OF IDAHO POWER COMPANY FOR AN ORDER REVISING THE RATES, TERMS AND CONDITIONS UNDER WHICH IDAHO POWER PURCHASES NON-FIRM ENERGY FROM QUALIFYING FACILITIES | ))))))) | CASE NO. IPC-E-95-15NOTICE OF APPLICATION |

YOU ARE HEREBY NOTIFIED that on October 5, 1995 the Idaho Power Company (Idaho Power; Company) filed an Application for a Commission order:  1) approving certain revisions to the Company’s current Schedule 86 titled “Cogeneration and Small Power Production–Non-firm Energy;” 2) approving revisions to the rates to be paid for non-firm energy sold to Idaho Power under Schedule 86; and, 3) authorizing the Company to file documentation supporting the computation of purchase rates under Schedule 86 on a semi-annual, rather than monthly, basis.

Idaho Power notes that in Order No. 16025, issued in Case No. P-300-12, the Commission ordered the Company to purchase non-firm energy from qualifying cogeneration and small power production projects (QF’s) based on “system avoided energy costs” plus a small amount in consideration of system capacity benefits.  In compliance with Order No. 16025, Idaho Power files, each month, a schedule with the Commission showing non-firm energy purchase prices based on the Company’s monthly incremental variable cost of energy used to serve the marginal 175 MW increment of system load.  The schedule is based on data for average fuel cost, operating and maintenance expenses (which vary with the output of thermal plants) firm power purchases and spot market purchases.  In addition to the monthly variable energy cost, Idaho Power adds a 3 mill/kWh “aggregate capacity” amount, in accordance with Order No. 16025, to represent the system capacity benefits described in that Order.

Idaho Power contends, contrary to assumptions made when Order No. 16025 was issued, that there have been few non-firm resources wishing to sell to Idaho Power under Schedule 86.  According to Idaho Power, only one large QF has received regular payments under Schedule 86 for more than a few months and that QF has now converted its sale to a long-term firm sale.  Furthermore, only two QF projects are currently selling non-firm energy on a regular basis under Schedule 86.  The Company argues that non-firm energy purchases under Schedule 86 have never provided any actual capacity to Idaho Power and, consequently, it would be appropriate to eliminate the 3 mill “aggregate capacity” adder.

Idaho Power also proposes to reduce the number of compliance filings it would make with the Commission.  The Company proposes to continue computing the incremental variable cost of energy on a monthly basis for purposes of paying QF’s under Schedule 86 but would only file the rate computation data with the Commission semi-annually.  Idaho Power justifies this proposal on the basis that there are so few QF’s selling power under Schedule 86.

Idaho Power also proposes to eliminate the existing Standard Rate Option currently found in Schedule 86.  The Company notes that only two smaller QF’s are currently being paid under the standard rate.  Non-firm energy purchases from these two smaller projects could continue, Idaho Power suggests, at the variable energy rate proposal under the revised Schedule 86.  The variable energy rate, Idaho Power argues, more accurately reflects the actual costs the Company can avoid by purchasing non-firm energy from QF’s.

Finally, Idaho Power proposes to eliminate the existing Rate Option C titled “Offset Against Retail Rates.”  This provision allows a QF developer to be paid for non-firm energy by “running the meter backwards.”  The Company contends that Rate Option C was designed to be available only to very small facilities (under 100 kw) and only one QF ever elected to utilize the option.  The Company proposes to grandfather the single QF currently selling under this option but to not allow any additional QF’s to elect the option.

YOU ARE FURTHER NOTIFIED that the Application together with supporting workpapers, have been filed with the Commission and are available for public inspection during regular business hours at the Commission offices.

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 that the Commission may enter any final Order consistent with its authority under Title 61.

YOU ARE FURTHER NOTIFIED that all proceedings in this matter will be conducted pursuant to the Commission’s Rules of Procedure, IDAPA 31.01.01000 et seq.

DATE at Boise, Idaho this                  day of  November 1995.

                                                                 Chris Maschmann

Assistant Commission Secretary

bls/N-ipce9515.bp