

Idaho Public Utilities Commission

Case No. PAC-E-13-06, Order No. 32822

Case No. PAC-E-13-07, Order No. 32820

June 7, 2013

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PUC taking comments on hydro sale and power purchase agreement

Rocky Mountain Power is seeking state approval to sell a small hydroelectric project in downtown St. Anthony. If the sale is approved, the winning bidder to buy the project, St. Anthony Hydro LLC, is seeking state approval to sell its output back to Rocky Mountain Power.

Ted Sorenson of Sorenson Engineering in Idaho Falls was the winning bidder on the project, which has not been operating since 2002 when the shaft that connects the two turbines failed. Sorenson, who owns and operates 11 small hydroelectric plants, proposes to repair the 700-kilowatt facility and have it operating within six months if the sales agreement is approved.

The project is a one-unit powerhouse that contains two submerged turbines originally commissioned in 1915. The facility is powered by diverting water from the Henry's Fork of the Snake River. When operating, it delivered water to Egin Bench Canals, Inc.

Regulated utilities cannot dispose of generating property unless authorized by the Idaho Public Utilities Commission. Before authorizing the sale of utility property, the commission must find 1) that the transaction is in the public interest; 2) that rates for customers will not increase as a result of the transaction; and 3) that the buyer has the intent and financial ability to operate and maintain the property in the public service.

Rocky Mountain Power said it considered several options, including making the needed repairs and increasing the generation of the project, making minimal repairs, and even decommissioning the facility. It decided selling the project "as is" was the most cost-effective alternative for the utility and its customers. The company issued a Request for Proposals and heard from 31 parties with three submitting formal offers. The St. Anthony Project bid was determined to present "the best balance between cost and risk," according to Rocky Mountain Power.

The commission is taking comments on the proposed sale as well as conducting a telephonic public hearing. The hearing will be at 10:30 a.m. on Thursday, June 27, in the commission hearing room at 472 W. Washington St. in Boise. Those wishing to participate can do so at the hearing room or by calling toll-free **1-888-706-6468** and entering the participant code, which is **2253752**. Written comment will be received through June 24.

The commission is also taking comments through June 20 on the proposed sales agreement between St. Anthony Hydroelectric and Rocky Mountain Power.

The agreement is for 20 years under the commission's avoided cost rate of \$54.46 per megawatt if the contract is signed later this year and escalating gradually to a rate of \$110.79 per MW in 2033. The rate can be adjusted for on-peak and off-peak hours and seasons.

The Renewable Energy Credits, or green tags, would be split between the parties with Rocky Mountain Power getting the first 10 years of proceeds from RECs and St. Anthony Hydroelectric the second 10 years.

Comments are accepted via e-mail by accessing the commission's homepage at www.puc.idaho.gov and clicking on "Case Comment or Question Form" under the "Consumers" heading. Fill in the case number – PAC-E-13-06 for the sale and PAC-E-13-07 for the proposed sales agreement – and enter your comments. Comments can also be mailed to P.O. Box 83720, Boise, ID 83720-0074 or faxed to (208) 334-3762.

A full text of the commission's orders, along with other documents related to this case, is available on the commission's Web site at www.puc.idaho.gov. Click on "Open Cases" under the "Electric" heading and scroll down to the above case numbers.

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