



RECEIVED

2015 MAR 19 PM 4:18

IDAHO PUBLIC
UTILITIES COMMISSION

DONOVAN E. WALKER
Lead Counsel
dwalker@idahopower.com

March 19, 2015

VIA HAND DELIVERY

Jean D. Jewell, Secretary
Idaho Public Utilities Commission
472 West Washington Street
Boise, Idaho 83702

Re: Case Nos. IPC-E-15-01, AVU-E-15-01, and PAC-E-15-03
Modify Terms and Conditions of PURPA Purchase Agreements – Idaho
Power Company's Answer to Clearwater Paper Corporation and J. R.
Simplot Company's Joint Petition for Clarification and Cross-petition for
Clarification of Order No. 33222

Dear Ms. Jewell:

Enclosed for filing in the above matter please find an original and seven (7)
copies of Idaho Power Company's Answer to Clearwater Paper Corporation and J. R.
Simplot Company's Joint Petition for Clarification and Cross-petition for Clarification of
Order No. 33222.

Very truly yours,

Donovan E. Walker

DEW:csb
Enclosures

DONOVAN E. WALKER (ISB No. 5921)
Idaho Power Company
1221 West Idaho Street (83702)
P.O. Box 70
Boise, Idaho 83707
Telephone: (208) 388-5317
Facsimile: (208) 388-6936
dwalker@idahopower.com

RECEIVED
2015 MAR 19 PM 4:18
IDAHO PUBLIC
UTILITIES COMMISSION

Attorney for Idaho Power Company

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF IDAHO POWER)
COMPANY'S PETITION TO MODIFY)
TERMS AND CONDITIONS OF PURPA)
PURCHASE AGREEMENTS)

CASE NO. IPC-E-15-01

IN THE MATTER OF AVISTA)
CORPORATION'S PETITION TO)
MODIFY TERMS AND CONDITIONS OF)
PURPA PURCHASE AGREEMENTS)

CASE NO. AVU-E-15-01

IN THE MATTER OF ROCKY MOUNTAIN)
POWER COMPANY'S PETITION TO)
MODIFY TERMS AND CONDITIONS OF)
PURPA PURCHASE AGREEMENTS)

CASE NO. PAC-E-15-03

IDAHO POWER COMPANY'S)
ANSWER TO CLEARWATER PAPER)
CORPORATION AND J. R. SIMPLOT)
COMPANY'S JOINT PETITION FOR)
CLARIFICATION AND CROSS-)
PETITION FOR CLARIFICATION OF)
ORDER NO. 33222)

Idaho Power Company ("Idaho Power"), in accordance with RP 325 and the
Idaho Public Utilities Commission's ("Commission") Order No. 33253, hereby responds

to the Petition for Clarification and Cross-petition for Clarification of Order No. 33222 filed by Clearwater Paper Corporation (“Clearwater”) and J. R. Simplot Company (“Simplot”) (hereinafter collectively referred to as “Petitioners”).

Petitioners seek to have the Commission’s interim Order No. 33222’s reduction in maximum contract term limited to wind and solar qualifying facilities (“QF”). Petitioners’ arguments falter for several reasons and their requested clarification should be denied.

First, Petitioners attempt to mischaracterize Idaho Power’s Petition as only discussing and addressing problems associated with wind and solar QFs, and further imply that other resources somehow do not contribute to any of the problems identified in the Petition. This is far from the truth. The current harm to Idaho Power customers as a result of the required contracts with Public Utility Regulatory Policies Act of 1978 (“PURPA”) QF projects, as well as the risk and additional long-term harm to customers from the same, is contributed to by all PURPA QF projects no matter what resource type they utilize and no matter what size they happen to be. This is a case about contract term, not about integration of intermittent resources. Resource type makes no difference. What does make a difference is the magnitude of impact from the size of the project and the potential for billions of dollars of unneeded additional resources that Idaho Power customers may be obligated to pay for over the next 20 years. Frankly, the large number of small QF projects, predominately small hydro projects, while contributing to the identified problems in the same manner as large projects, has a minimal impact because their size and potential dollar impact to customers is small. However, even one large project over the published rate eligibility cap has a large

impact and an even larger potential impact over the course of 20 years upon Idaho Power customers.

The proportionately different impact from intermittent wind and solar QFs, as well as their unique ability to disaggregate themselves into smaller size increments to game the system of published rates, has been recognized in the existing smaller published rate eligibility cap of 100 kilowatts for wind and solar QFs. The published rate eligibility cap is an appropriate distinction to make with regard to contract term as the published rate eligibility cap is an existing point of division where the Commission has previously determined that larger projects should be subject to a more accurate methodology for estimating avoided costs, recognizing the larger impact that large projects can have upon the utility and its customers.

Secondly, Petitioners make an outlandish claim that “None of Idaho Power’s arguments apply to base-load facilities utilizing waste heat, biomass, or industrial cogeneration such as Clearwater’s base-load capacity non-intermittent QF project or Simplot’s existing base-load industrial cogeneration facility.” Petitioners’ Petition, p. 3. This could not be further from the truth. The referenced cogeneration QFs provide a very large amount of energy deliveries on a predominately flat level, whether that energy is needed by the utility or not. If anything, the harmful impacts identified in Idaho Power’s Petition are amplified for a large cogeneration QF because it will deliver unneeded energy to the utility on a more consistent and regular basis than an intermittent wind or solar QF would be expected to deliver. A cogeneration QF that exceeds the published rate eligibility cap would potentially provide enormous amounts of around-the-clock energy, not just during daylight hours like a large solar QF. A

cogeneration QF's ability to provide a very large amount of energy during light load hours when the utility needs no additional resources is potentially more harmful and impactful to customers—especially when escalated over the course of a 20-year lock-in of the rate—than even a wind or solar QF of equivalent size.

Idaho Power has had three recent pricing inquiries from large non-wind or solar QF projects: one from Clearwater, one from Simplot, and one from a 38 megawatts (“MW”) hydro facility. Clearwater was provided with indicative pricing from the incremental cost, Integrated Resource Plan methodology and informed Idaho Power that it did not wish to pursue a contract with Idaho Power. Clearwater has contracted this facility with Avista in the past. Simplot submitted an incomplete request for indicative pricing for a new 25 MW cogeneration QF facility under Idaho Power's Schedule 73. Simplot has not submitted complete information to enable indicative pricing to be completed. Petitioners refer to Simplot's QF cogeneration facility at its Pocatello plant. The Commission, just this month, approved the most recent contract for this facility—which has a term of one year. This facility has always entered into short-term contracts with Idaho Power. The previous contract was for a term of two-years, effective February 2013; the contract before that was for a term of seven years, effective February 2006; before that, the contract was for a term of one year, effective March 2004; and prior to that, a contract for five years, effective January 1991; and from 1986 to 1991 the facility was under contract for non-firm, as-delivered prices under Schedule 86. Even though the nameplate capacity of this project is 15.9 MW, the facility has always done a published rate contract, which requires its operation to be limited to 10 aMW monthly. This project, if it continues to do published-rate contracts,

would not be affected by the Commission's current five-year contract term limitation in any event.

Lastly, Petitioners' arguments are procedurally inappropriate for a clarification of the Commission's interim order. In fact, the additional briefing and additional rebuttal filing scheduled for Petitioners' claims is arguably inappropriate as well. Petitioners' attempt to make new substantive arguments, which may be relevant to their substantive positions in the case as a whole but have little to do with a clarification of the Commission's initial interlocutory order. The only relevant question should be: What did the Commission intend to do/say in its Order No. 33222 wherein it limited the maximum contract for all new PURPA QF contracts to five years. Yesterday, on March 18, 2015, the Commission clarified that its prior limitation of maximum contract term to five years, which applied to all PURPA QF projects, only applies to new PURPA contracts that exceed the published rate eligibility cap. Order No. 33253, pp. 6-7. As stated above, this is an existing point of division where the Commission has previously recognized that larger projects should have a more accurate rate determination because of their potentially larger impact upon customers. This is also consistent with Idaho Power's Petition which limited its requested relief to only those projects that exceed the published rate eligibility cap.

CONCLUSION

Idaho Power respectfully requests that Petitioners' request for further clarification be denied. As demonstrated above, Petitioners' arguments that Idaho Power's Petition only applies to wind and solar, and that non-wind and solar projects do not contribute to the identified customer harm and risk, are without merit. The Commission has clarified

its initial interim order by restricting the five-year contract term to large projects that exceed the published rate eligibility cap. The further restriction to only wind and solar QFs requested by Petitioners would be harmful to customers. Idaho Power requests that Petitioners' request be denied.

Respectfully submitted this 19th day of March 2015.

A handwritten signature in black ink, appearing to read "Don E. Walker", written over a horizontal line.

DONOVAN E. WALKER
Attorney for Idaho Power Company

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 19th day of March 2015 I served a true and correct copy of IDAHO POWER COMPANY'S ANSWER TO CLEARWATER PAPER CORPORATION AND J. R. SIMPLOT COMPANY'S JOINT PETITION FOR CLARIFICATION AND CROSS-PETITION FOR CLARIFICATION OF ORDER NO. 33222 upon the following named parties by the method indicated below, and addressed to the following:

Commission Staff

Donald L. Howell, II
Daphne Huang
Deputy Attorneys General
Idaho Public Utilities Commission
472 West Washington (83702)
P.O. Box 83720
Boise, Idaho 83720-0074

Hand Delivered
 U.S. Mail
 Overnight Mail
 FAX
 Email don.howell@puc.idaho.gov
daphne.huang@puc.idaho.gov

J. R. Simplot Company and Clearwater Paper Corporation

Peter J. Richardson
Gregory M. Adams
RICHARDSON ADAMS, PLLC
515 North 27th Street (83702)
P.O. Box 7218
Boise, Idaho 83707

Hand Delivered
 U.S. Mail
 Overnight Mail
 FAX
 Email peter@richardsonadams.com
greg@richardsonadams.com

Dr. Don Reading
6070 Hill Road
Boise, Idaho 83703

Hand Delivered
 U.S. Mail
 Overnight Mail
 FAX
 Email dreading@mindspring.com

Clearwater Paper Corporation *ELECTRONIC MAIL ONLY*

Carol Haugen
Clearwater Paper Corporation

Hand Delivered
 U.S. Mail
 Overnight Mail
 FAX
 Email carol.haugen@clearwaterpaper.com

Intermountain Energy Partners, LLC; AgPower DCD, LLC; and AgPower Jerome, LLC

Dean J. Miller
McDEVITT & MILLER, LLP
420 West Bannock Street (83702)
P.O. Box 2564
Boise, Idaho 83701

Hand Delivered
 U.S. Mail
 Overnight Mail
 FAX
 Email joe@mcdevitt-miller.com
heather@mcdevitt-miller.com

Intermountain Energy Partners, LLC

Leif Elgethun, PE, LEED AP
Intermountain Energy Partners, LLC
P.O. Box 7354
Boise, Idaho 83707

Hand Delivered
 U.S. Mail
 Overnight Mail
 FAX
 Email leif@sitebasedenergy.com

AgPower DCD, LLC, and AgPower Jerome, LLC

Andrew Jackura
Camco Clean Energy
9360 Station Street, Suite 375
Lone Tree, Colorado 80124

Hand Delivered
 U.S. Mail
 Overnight Mail
 FAX
 Email andrew.jackura@camcocleanenergy.com

Idaho Conservation League and Sierra Club

Benjamin J. Otto
Idaho Conservation League
710 North 6th Street (83702)
P.O. Box 844
Boise, Idaho 83701

Hand Delivered
 U.S. Mail
 Overnight Mail
 FAX
 Email botto@idahoconservation.org

Sierra Club

Matt Vespa
Sierra Club
85 Second Street, Second Floor
San Francisco, California 94105

Hand Delivered
 U.S. Mail
 Overnight Mail
 FAX
 Email matt.vespa@sierraclub.org

Snake River Alliance

Kelsey Jae Nunez
Snake River Alliance
223 North 6th Street, Suite 317
P.O. Box 1731
Boise, Idaho 83701

Hand Delivered
 U.S. Mail
 Overnight Mail
 FAX
 Email knunez@snakeriveralliance.org

ELECTRONIC MAIL ONLY

Ken Miller
Snake River Alliance

Hand Delivered
 U.S. Mail
 Overnight Mail
 FAX
 Email kmiller@snakeriveralliance.org

PacifiCorp d/b/a Rocky Mountain Power

Daniel E. Solander
Yvonne R. Hogle
Rocky Mountain Power
201 South Main Street, Suite 2400
Salt Lake City, Utah 84111

Hand Delivered
 U.S. Mail
 Overnight Mail
 FAX
 Email daniel.solander@pacificorp.com
yvonne.hogle@pacificorp.com

Ted Weston
Rocky Mountain Power
201 South Main Street, Suite 2300
Salt Lake City, Utah 84111

Hand Delivered
 U.S. Mail
 Overnight Mail
 FAX
 Email ted.weston@pacificorp.com

ELECTRONIC MAIL ONLY
Data Request Response Center
PacifiCorp

Hand Delivered
 U.S. Mail
 Overnight Mail
 FAX
 Email datarequest@pacificorp.com

**Twin Falls Canal Company, North Side
Canal Company, and American Falls
Reservoir District No. 2**
C. Tom Arkoosh
ARKOOSH LAW OFFICES
802 West Bannock Street, Suite 900 (83702)
P.O. Box 2900
Boise, Idaho 83701

Hand Delivered
 U.S. Mail
 Overnight Mail
 FAX
 Email tom.arkoosh@arkoosh.com

ELECTRONIC MAIL ONLY
Erin Cecil
ARKOOSH LAW OFFICES

Hand Delivered
 U.S. Mail
 Overnight Mail
 FAX
 Email erin.cecil@arkoosh.com

Avista Corporation
Michael G. Andrea
Avista Corporation
1411 East Mission Avenue, MSC-23
Spokane, Washington 99202

Hand Delivered
 U.S. Mail
 Overnight Mail
 FAX
 Email michael.andrea@avistacorp.com

Clint Kalich
Avista Corporation
1411 East Mission Avenue, MSC-7
Spokane, Washington 99202

Hand Delivered
 U.S. Mail
 Overnight Mail
 FAX
 Email clint.kalich@avistacorp.com
linda.gervais@avistacorp.com

Idaho Irrigation Pumpers Association, Inc.
Eric L. Olsen
RACINE, OLSON, NYE, BUDGE & BAILEY
CHARTERED
201 East Center
P.O. Box 1391
Pocatello, Idaho 83204-1391

Hand Delivered
 U.S. Mail
 Overnight Mail
 FAX
 Email elo@racinelaw.net

Anthony Yankel
29814 Lake Road
Bay Village, Ohio 44140

Hand Delivered
 U.S. Mail
 Overnight Mail
 FAX
 Email tony@yankel.net

Renewable Energy Coalition
Ronald L. Williams
WILLIAMS BRADBURY, P.C.
1015 West Hays Street
Boise, Idaho 83702

Hand Delivered
 U.S. Mail
 Overnight Mail
 FAX
 Email ron@williamsbradbury.com

Irion Sanger
SANGER LAW, P.C.
1117 SW 53rd Avenue
Portland, Oregon 97215

Hand Delivered
 U.S. Mail
 Overnight Mail
 FAX
 Email irion@sanger-law.com

The Amalgamated Sugar Company
Scott Dale Blickenstaff
The Amalgamated Sugar Company, LLC
1951 South Saturn Way, Suite 100
Boise, Idaho 83702

Hand Delivered
 U.S. Mail
 Overnight Mail
 FAX
 Email sblickenstaff@amalsugar.com

Micron Technology, Inc.
Richard E. Malmgren
Micron Technology, Inc.
800 South Federal Way
Boise, Idaho 83716

Hand Delivered
 U.S. Mail
 Overnight Mail
 FAX
 Email remalmgren@micron.com

Frederick J. Schmidt
Pamela S. Howland
HOLLAND & HART, LLP
377 South Nevada Street
Carson City, Nevada 89701

Hand Delivered
 U.S. Mail
 Overnight Mail
 FAX
 Email fschmidt@hollandhart.com
phowland@hollandhart.com


Christa Bearry, Legal Assistant