

DECISION MEMORANDUM

TO: COMMISSIONER KJELLANDER
COMMISSIONER RAPER
COMMISSIONER ANDERSON
COMMISSION SECRETARY
COMMISSION STAFF
LEGAL

FROM: EDWARD JEWELL
DEPUTY ATTORNEY GENERAL

DATE: OCTOBER 11, 2019

SUBJECT: IN THE MATTER OF THE APPLICATION OF IDAHO POWER COMPANY TO STUDY THE COSTS, BENEFITS, AND COMPENSATION OF NET EXCESS ENERGY SUPPLIED BY CUSTOMER ON-SITE GENERATION; CASE NO. IPC-E-18-15.

On May 9, 2018, in Docket No. IPC-E-17-13, the Commission ordered Idaho Power Company (“Idaho Power” or “Company”) to “initiate a docket to comprehensively study the costs and benefits of on-site generation on Idaho Power’s system, as well as proper rates and rate design, transitional rates, and related issues of compensation for net excess energy provided as a resource to the Company.” Order No. 34046.

On October 19, 2018, Idaho Power Company petitioned the Commission to open this docket to comply with the Commission’s directive in Order No. 34046.

On November 9, 2018, the Commission issued a Notice of Petition and Notice of Intervention Deadline, noticing the public that the petition was filed and establishing an intervention deadline of November 30, 2018. Order No. 34189. The Commission directed Commission Staff to confer with parties regarding the procedural and substantive scope of the docket, develop a proposed schedule, discuss pertinent matters, and report back to the Commission by February 28, 2019. *Id.*

On February 28, 2019, Commission Staff reported back to the Commission and stated that the City of Boise, Idaho Clean Energy Association, Idaho Conservation League, IdaHydro, Idaho Irrigation Pumpers Association, Rocky Mountain Power, Idaho Sierra Club, and Vote Solar had intervened in the matter, and that the parties had met for one pre-hearing conference and three settlement meetings. STAFF REPORT at 1. Staff submitted with its first report a table

of issues that the parties had collaboratively developed, which summarized the scope of the case as understood by the parties. *Id.* at 2.

On March 19, 2019, the Commission ordered Staff to report back again by May 28, 2019. Order No. 34274.

On April 5, 2019, the Company filed IPC-E-19-15, requesting the Commission initiate a collaborative process to “explore modifications to the compensation structure and excess energy value applied under Schedule 84” for commercial, industrial, and irrigation customers. *See* Idaho Power Company’s Application in IPC-E-19-15.

On May 15, 2019, after receiving and considering briefing on how to process IPC-E-19-15 in relation to IPC-E-18-15, the Commission ordered the two dockets to remain separate but stated its expectation that there would be a consistent application of principles across the dockets. Order No. 34335 at 1.

Following the Company’s IPC-E-19-15 Petition, a number of parties sought and were granted late intervention in IPC-E-18-15. Those parties are the Idaho Irrigation Pumpers Association, Inc., Idahydro, Micron Technology, Inc., the Industrial Customers of Idaho Power, and Russell Schiermeier. *See* Fourth Amended Notice of Parties.

On May 28, 2019, Staff filed its second staff report and requested the Commission allow the parties to continue on the previously-established analytical and settlement tracks, and to report back again on August 28, 2019. SECOND STAFF REPORT at 2.

On August 28, 2019, Staff filed its third staff report and stated that negotiations had been very productive, parties had diligently pursued settlement, and that negotiations were in their final phase. THIRD STAFF REPORT at 2. In sum, one pre-hearing conference and eight settlement conferences were held.

On October 11, 2019, Idaho Power and Commission Staff jointly submitted a Motion to Approve Settlement Agreement. The Settlement Agreement was signed by the Company, Commission Staff, Idaho Clean Energy Association, Idaho Irrigation Pumpers Association, Inc., Idahydro, City of Boise, Idaho Sierra Club, Industrial Customers of Idaho Power, and Russell Schiermeier.

The signing parties to the Settlement Agreement were able to achieve compromise on a number of issues critical to the Company’s on-site generation service. However, the signing parties agreed to submit to the Commission the question of which rules will apply to existing

customers with on-site generation. Commonly referred to as grandfathering, the parties have reserved the right to make legal and policy arguments to the Commission on this issue.

STAFF RECOMMENDATION

Staff recommends the Commission promptly issue a Notice of Motion to Approve Settlement Agreement and a Notice of Public Hearing (“the Notice”), which would establish dates for parties to file comments and reply comments, and dates for the public to file comments and establish a date for a public hearing. Staff also recommends the Commission promptly issue a Notice of Briefing Regarding Existing Customers with On-Site Generation or a Notice of Technical Hearing Regarding Existing Customers with On-Site Generation.

Staff recommends the Commission set a public hearing on this matter for 21 days following the Notice, a party comment deadline 28 days following the Notice, a party reply comment deadline 42 days following the Notice, and a public comment deadline 42 days following the Notice. This schedule was agreed to by signing parties. Staff notes that a party to this docket requests a party comment deadline 14 days from the Notice so as to give the public an opportunity to review party comments before the public hearing, a public hearing at least 30 days from the Notice, and a technical hearing.

On the subject of Commission review regarding existing customers with on-site generation, Staff recommends a process that would allow an effective date of no later than January 1, 2020.

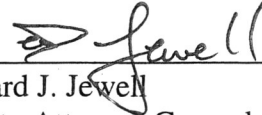
COMMISSION DECISION

1.) Does the Commission wish to issue a Notice of Motion to Approve Settlement Agreement and a Notice of Public Hearing on Settlement Agreement, and set party comment and reply deadlines, a public hearing date, and public comment deadlines? Or;

Does the Commission wish to issue a Notice of Motion to Approve Settlement Agreement, a Notice of Public Hearing on Settlement Agreement, and a Notice of Technical Hearing on Settlement Agreement, and set a public hearing date, dates for pre-filed testimony, a technical hearing, and public comment deadlines?

2.) Does the Commission wish to issue a Notice of Briefing Regarding Existing Customers with On-Site Generation, and set party briefing and reply briefing deadlines and public comment deadlines? Or;

Does the Commission wish to issue a Notice of Technical Hearing Regarding Existing Customers with On-Site Generation, and set a date for pre-filed testimony and a date for a technical hearing?



Edward J. Jewell
Deputy Attorney General

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