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IDAHO PUBLIC UTILITIES COMMISSION

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Attorney for Ted Sorenson

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION) Case No. IPC-E-19-38
OF IDAHO POWER COMPANY FOR)
APPROVAL OR REJECTION OF AN)
ENERGY SALES AGREEMENT WITH BIG) SUPPLAMENTAL
WOOD CANAL COMPANY FOR THE) COMMENTS
SALE AND PURCHASE OF ELECTRIC)
ENERGY FROM THE SAGEBRUSH)
HYDRO PROJECT)

COMES NOW Ted Sorenson of Wood Hydro, LLC, by and through his counsel of record, Tom Arkoosh of Arkoosh Law Offices, and provides *Supplemental Comments* regarding Idaho Public Utilities Commission and Idaho Power Company *Comments* that have been filed in this case.

FACTS

The Sagebrush plant had a capacity of 430kW (“old capacity”), and how expanded under the new proposed contract to 575kW (“new capacity”), for an increase of 140kW (“incremental capacity”).

The incremental capacity resulted from necessary and compulsory upgrades to accommodate the increased cubic feet per second flowing through its sister Jim Knight plant on the same water source.

Staff *Comments* point out that the incremental capacity was not contemplated in the current Integrated Resource Plan, and thus should not receive a capacity payment. Then Staff proposes that the incremental capacity should be “treated as a new project and receive capacity payments only after the company becomes capacity deficient in 2026.”

Idaho Power Company agrees with the analysis of Staff regarding capacity treatment of the incremental capacity.

Staff then proposes blending the old capacity rate (which includes a capacity payment component) and the new capacity rate (which would not receive a capacity payment component). Idaho Power Company advises it will accept any rate set by the Commission.

ISSUE

Whether, when a Qualifying Facility adds incremental capacity, a blended rate adequately captures the capacity payment entitlement of the old capacity component or is even allowed.

COMMENTS

The blended rate is less than the rate that would be paid to the old capacity deliveries if the incremental capacity was not developed. Thus, this rate will shortchange payments that should be made to old capacity deliveries. Proof that a blended rate shortchanges the capacity payment entitlement of the old capacity may be made by example: Should the Sagebrush plant deliver only 430kW (old capacity) throughout the year but not more, Sagebrush is entitled to full capacity payment for all deliveries, but will not receive full capacity component for any of the deliveries.

Further, all old capacity deliveries must be made before any incremental capacity will be delivered. Thus, all capacity entitlement must be paid before any incremental deliveries are made. A blended rate, however, contemplates all new capacity (old capacity plus incremental

capacity) must be made before Sagebrush receives all the capacity payments to which it is entitled for delivery for only old capacity.

Therefore, the proposed blended rate will not make required capacity payments on the old capacity.

The better method will be to pay:

Old capacity at published rates for energy and capacity.

Incremental capacity at published rates for energy until Idaho Power Company's system becomes capacity deficient in 2026.

Aside from shortchanging, the legality of setting a new and separate rate for only Sagebrush in Modified Procedure remains questionable. IDAPA 31.01.01.121 provides for very specific procedures and very specific content to adopt rates.

A PRACTICAL PROPOSAL

The incremental capacity at issue is 140kW. Idaho Power Company's peak delivery in 2019 was 3,242,000kW. The incremental capacity of concern is .00004318 of peak delivery, or .004318 percent. It would serve the Commission, Commission Staff, Idaho Power Company, and Qualifying Facilities if the Commission adopted a rule that the addition of incremental capacity would not be of concern unless the addition exceeded a bright line amount of, say, 1MW, or .00030845 (.030845%) of peak load. These amounts are lost in the statistical noise in the development of the Integrated Resource Plan's estimation of Idaho Power Company's capacity deficiency needs.

DATED this 17th day of March 2020.

ARKOOSH LAW OFFICES



C. Tom Arkoosh
Attorney for Plaintiff

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on the 17th day of March 2020, I served a true and correct copy of the foregoing document(s) upon the following person(s), in the manner indicated:

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