

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF IDAHO POWER)
COMPANY’S APPLICATION FOR) CASE NO. IPC-E-20-04
APPROVAL OR REJECTION OF ITS)
ENERGY SALES AGREEMENT WITH)
COLLEGE OF SOUTHERN IDAHO FOR) ORDER NO. 34624
THE SALE AND PURCHASE OF)
ELECTRIC ENERGY FROM THE)
PRISTINE SPRINGS #1 HYDRO)
PROJECT)

On February 14, 2020, Idaho Power Company (“Company”) applied for approval or rejection of its Energy Sales Agreement (“ESA”) with the College of Southern Idaho (“CSI”) for the Pristine Springs #1 hydro project (“Facility”). The Facility is a qualifying facility (“QF”) under the Public Utility Regulatory Policies Act of 1978 (“PURPA”).

On March 11, 2020, the Commission issued its Notice of Application and Notice of Modified Procedure. Order No. 34583. The Commission Staff (“Staff”) filed the only comments and recommended the Commission approve the Application. The Company did not reply.

Having reviewed the record, the Commission enters this Order approving the Company’s Application.

BACKGROUND

Under PURPA, electric utilities must purchase electric energy from QFs at purchase or "avoided cost" rates approved by the Commission. 16 U.S.C. § 824a-3; *Idaho Power Co. v. Idaho PUC*, 155 Idaho 780, 789, 316 P.3d 1278, 1287 (2013). The Commission has established two methods for calculating avoided costs, depending on the size of the QF project: (1) the surrogate avoided resource method, used to establish "published" avoided cost rates; and (2) the integrated resource plan method, to calculate avoided cost rates for projects exceeding published rate limits. *See* Order No. 32697 at 7-22. Published rates are available for wind and solar QFs with a design capacity of up to 100 kilowatts (“kW”), and QFs of other resource types with a design capacity of up to 10 average megawatts (“aMW”). *Id.*; *see also* 18 C.F.R. § 292.304(c).

THE APPLICATION

CSI’s Facility is a 125 kilowatt (“kW”) nameplate capacity hydroelectric facility near Twin Falls, Idaho. *Application* at 4. The Facility delivers energy to the Company under a PURPA

energy sales agreement executed on March 26, 2015, that expires on May 1, 2020. *Id.* The Company and CSI intend the proposed ESA to replace the expiring energy sales agreement. The Company states the proposed ESA complies with Commission orders regarding this type of agreement. *Id.* at 2.

In the proposed ESA, CSI has contracted for non-levelized, non-seasonal hydro published avoided cost rates as set by the Commission in Order No. 34350 for a 20-year term. *Id.* at 4. Because this is a replacement ESA, it contains capacity payments for the entire term of the agreement. *Id.* at 2.

STAFF COMMENTS

Staff recommends the Commission approve the ESA. In making its recommendation, Staff focused on: (1) the 90/110 rule with a five-day advanced notice for adjusting Estimated Net Energy Amounts; (2) eligibility for and the amount of capacity payments; (3) verification of non-levelized, non-seasonal hydro status; and (4) adherence to the capacity size threshold to qualify for published rates. *Staff Comments* at 2.

Staff verified the ESA includes the 90/110 provision. *Id.* Staff also noted the ESA adopts a five-day advance notice for adjusting Estimated Net Energy Amounts for purposes of complying with 90/110 firmness requirements. *Id.* Staff also verified that CSI is being paid for capacity at the end of the original contract, and thus the proposed avoided cost rates include capacity payments for the full term of the replacement contract. *Id.* at 3.

Staff reviewed the ESA's and verified the avoided cost rates in the ESA are correct. *Id.* Finally, Staff verified the Facility's 125 kW nameplate capacity produces less than 10 aMW every month under normal or average conditions. *Id.* at 3. Accordingly, Staff verified the Facility is eligible for published avoided cost rates. *Id.*

Based on the foregoing, Staff recommended the Commission approve the ESA. *Id.* Staff also recommended the Commission declare the Company's payments to CSI under the ESA be allowed as prudently incurred expenses for ratemaking purposes. *Id.*

COMMISSION FINDINGS AND DECISION

The Commission has jurisdiction over this matter under *Idaho Code* §§ 61-502 and 61-503. The Commission is empowered to investigate rates, charges, rules, regulations, practices, and contracts of public utilities and to determine whether they are just, reasonable, preferential, discriminatory, or in violation of any provision of law, and to fix the same by order. *Idaho Code* §§

61-502 and 61-503. The Commission also has authority under PURPA and Federal Energy Regulatory Commission (“FERC”) regulations to set avoided cost rates, to order electric utilities to enter fixed-term obligations for the purchase of energy from QFs, and to implement FERC rules. The Commission may enter any final order consistent with its authority under Title 61 and PURPA.

Having reviewed the record, including the Application, the ESA, and Staff’s comments, the Commission finds it reasonable to approve the ESA because the ESA contains Commission-approved terms for which the Facility is eligible based on characteristics like fuel source, project size, generation output profile, and renewal contract status. The Commission also finds the Company’s payments for energy and capacity under the ESA are prudently incurred expenses for ratemaking purposes.

ORDER

IT IS HEREBY ORDERED that the Company’s ESA with CSI is approved, effective on the service date of this Order.

IT IS FURTHER ORDERED that the Company’s payments for energy and capacity under the ESA are allowed as prudently incurred expenses for ratemaking purposes.

THIS IS A FINAL ORDER. Any person interested in this Order may petition for reconsideration within twenty-one (21) days of the service date of this Order about any matter decided in this Order. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. *See Idaho Code* § 61-626.

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DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 16th
day of April 2020.



PAUL KJELLANDER, PRESIDENT

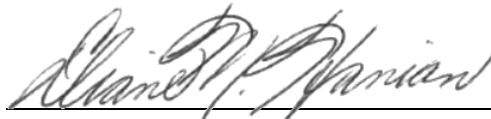


KRISTINE RAPER, COMMISSIONER



ERIC ANDERSON, COMMISSIONER

ATTEST:



Diane M. Hanian
Commission Secretary

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