

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)
OF IDAHO POWER COMPANY FOR) CASE NO. IPC-E-20-09
APPROVAL OF THE FIRST AMENDMENT)
TO THE ENERGY SALES AGREEMENT)
FOR THE MUD CREEK S&S HYDRO) ORDER NO. 34650
PROJECT)
)

On February 20, 2020, Idaho Power Company (“Company”) applied for Commission approval of the First Amendment to its Energy Sales Agreement (“Amendment”) with H K Hydro, LLC (“Seller”) for the energy generated by the Mud Creek S&S hydro project (the “Facility”). The Facility is a qualifying facility (“QF”) under the Public Utility Regulatory Policies Act of 1978 (“PURPA”).

On March 13, 2020, the Commission issued its Notice of Application and Notice of Modified Procedure. Order No. 34594. 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.

THE APPLICATION

The Facility delivers energy to the Company through a Commission-approved PURPA energy sales agreement (“ESA”). *Application* at 2; *see also* Order No. 33692. The parties entered into the Amendment to delete and replace the language in Section 6.2.3 of the ESA to modify the notification requirements for Estimated Net Energy Amounts. The revised Section 6.2.3 would allow the Seller to adjust Estimated Net Energy Amounts on five-day advance notice to the

Company instead of the one-month advance notice required by the currently approved ESA. *Id.* at 2-3.

STAFF COMMENTS

Staff recommends approval of the proposed Amendment to the ESA. Section 6.2.3 of the existing ESA will be replaced to allow the Seller to adjust Estimated Net Energy Amounts, which are provided to Idaho Power to comply with 90/110 firmness requirements, with five-day advance notice, instead of a one-month advance notification in the currently approved ESA.

Staff noted the Commission has approved a five-day revision to monthly generation estimates in previous cases, recognizing that Estimated Net Energy Amounts that are closer to the time of delivery can improve the accuracy of input used by the Company for short-term operational planning. *See, e.g.*, Case Nos. IPC-E-19-01, IPC-E-19-03, IPC-E-19-04, IPC-E-19-07, and IPC-E-19-12. Staff believes a five-day notice for generation estimate adjustments is sufficient because the Company has generation data from the Facility dating to early 1982.

Based on the foregoing, Staff recommended that the Commission approve the Amendment, with all other terms unchanged in the ESA.

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.

The Commission has reviewed the record, including the Application, proposed Amendment, and the comments of Staff. Based on our review, we find it just and reasonable to approve Idaho Power's Application and Amendment. In multiple cases, the Commission has allowed five-day advance notification to adjust Estimated Net Energy Amounts, recognizing that adjustments made closer to the time of delivery can improve the accuracy of input used by the Company for short-term operational planning. *See e.g.*, Case Nos. IPC-E-19-01, IPC-E-19-03, IPC-E-19-04, IPC-E-19-07, and IPC-E-19-12. The Company has Facility generation data dating

to 1982, which further reduces the need for a revision to delivery estimates beyond a five-day advance notice. Therefore, the Commission finds that a five-day-ahead notification is just and reasonable.

ORDER

IT IS HEREBY ORDERED that the Company's Application and Amendment to its ESA with Seller are approved, effective on the service date of this Order.

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.

//

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 29th
day of April 2020.



PAUL KJELLANDER, PRESIDENT

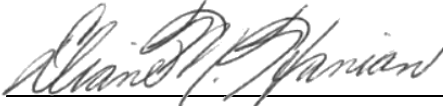


KRISTINE RAPER, COMMISSIONER



ERIC ANDERSON, COMMISSIONER

ATTEST:



Diane M. Hanian
Commission Secretary

I:\Legal\ELECTRIC\IPC-E-20-09\orders\IPCE2009_Final_jh.docx