

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

**IN THE MATTER OF IDAHO POWER ) CASE NO. IPC-E-20-13**  
**COMPANY’S APPLICATION FOR )**  
**APPROVAL OR REJECTION OF AN ) ORDER NO. 34689**  
**ENERGY SALES AGREEMENT WITH )**  
**WHITE WATER POWER COMPANY INC, )**  
**FOR THE SALE AND PURCHASE OF )**  
**ELECTRIC ENERGY FROM THE WHITE )**  
**WATER RANCH HYDRO PROJECT )**

On March 10, 2020, Idaho Power Company (“Idaho Power” or “Company”) applied for consideration of an Energy Sales Agreement (“ESA” or “Agreement”) with White Water Power Company Inc for energy generated by the White Water Ranch Hydro Project (“Facility”). The Facility is a 170-kilowatt<sup>1</sup> (“kW”) nameplate capacity hydro facility near Gooding, Idaho. The Facility is a qualifying facility under the Public Utility Regulatory Policies Act of 1978 (“PURPA”). The Facility has a scheduled First Energy Date under the ESA of August 1, 2020.

On April 23, 2020, the Commission issued a Notice of Application and Modified Procedure, setting a May 13, 2020 comment deadline and a May 20, 2020 reply comment deadline. Order No. 34641. Commission Staff filed comments, and Idaho Power filed reply comments. No other comments were received.

Having reviewed the record, we now approve Idaho Power’s Application as discussed below.

**THE APPLICATION**

The Facility has been delivering energy to Idaho Power under an energy sales agreement dated February 24, 1984, which expires July 31, 2020. The Company stated that the Agreement contains published non-seasonal, non-levelized avoided cost rates for a 20-year term. The Company requested the Commission declare all payments for purchase of energy under the ESA be allowed as prudently incurred expenses for ratemaking purposes.

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<sup>1</sup> On April 3, 2020, Idaho Power filed a motion to amend the ESA to correct the nameplate capacity of the Facility. The ESA filed with the Commission on March 10, 2020 stated the Facility’s nameplate capacity as 160 kW, but White Water Power Company Inc later provided information to Idaho Power that showed the Facility’s nameplate capacity has been 170 kW since 1988.

## STAFF COMMENTS

Staff recommended the Commission approve the ESA and declare all payments for purchases of energy under the ESA be allowed as prudently incurred expenses. Staff's review of the ESA focused on the implementation of the 90/110 performance band, the eligibility for and amount of capacity payments, and the Facility's non-seasonal hydro avoided cost rates. Additionally, Staff recommended a procedure for converting horsepower ("HP") to kW when calculating nameplate capacity for electric motors being used as generators.

Staff verified that the non-seasonal hydro avoided cost rates contained in the contract are correct and comply with existing orders. Staff verified the 5-Day Ahead monthly generation forecast provision complies with the provision approved by the Commission in Case No. IPC-E-19-01. *See* Order No. 34263. at 5. Staff noted the Facility has been delivering energy to the Company since the 1980s, and therefore has extensive historical production data that the Company can use for both short-term and long-term planning.

Staff noted the Facility is not receiving capacity payments under its existing contract, but asserted the Facility should receive immediate payment for capacity based on the recent approval of the energy sales agreement for the Black Canyon #3 hydro project in Case No. IPC-E-19-04. *See* Order No. 34295 at 5. Staff believes the rationale used in Commission Order No. 34295 for the Black Canyon #3 hydro project also applies to the Facility. During the 36-year term of the Facility's existing contract with Idaho Power, the Company has procured capacity and included the Facility's capacity in the utility's load and resource balance.

Staff contrasted the Commission's recent decision in Case No. IPC-E-19-38 with this case. There, the replacement contract for the Sagebrush Hydro facility increased the facility's nameplate capacity by 145 kW during a time in which Idaho Power was capacity sufficient. In its final order, the Commission noted the facility may not receive capacity payments for the new 145 kW of capacity until the Company's capacity deficiency date. Order No. 34677 at 6. Like the Sagebrush Hydro facility, the Facility has increased its nameplate capacity. However, the Facility's 10-kW increase occurred in 1988. Staff believes the incremental capacity contributed to Idaho Power's capacity needs during times when the Company was capacity deficient. Therefore, Staff recommended the Facility be granted capacity payments for the full nameplate capacity of the Facility and for the full term of the ESA.

Staff notes the Facility is one of several facilities that uses electric motors as generators. Staff discussed with the Company how to calculate the kW nameplate capacity of such facilities, and Staff and the Company agreed to use the motor's HP rating to calculate the kW nameplate capacity. "Staff recommends that when the Company determines the generator nameplate capacity for a motor used as a generator, the Company should identify the proper HP units on the motor and use 0.7457 HP per kW for converting from Imperial HP to kW and 0.7355 HP per kW for converting from metric HP to kW." Staff Comments at 4.

### **THE COMPANY'S REPLY**

In its reply comments, the Company focused on Staff's assertion that the Company should convert motor HP ratings to kW for calculating a facility's nameplate capacity. While Idaho Power agreed with Staff about the method for calculating nameplate capacity in these instances, it argued that it should not be required to independently calculate the nameplate capacity of such facilities.

The Company noted that a facility's nameplate capacity is a standard, required term in PURPA energy sales agreements. The Company argued it should be allowed to rely on the nameplate capacities presented by facilities. Such calculations often require access to a motor manufacturer's specifications, and the Company noted it rarely has access to such information. Where a HP-to-kW conversion is required, the Company asserted it would calculate the nameplate capacity if it has the information to do so. However, the Company believes it should be allowed to rely upon the representations and calculations submitted by a facility as part of its energy sales agreement.

### **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, the ESA, Staff's comments, and the Company's reply comments. Based on our review, we find it reasonable to approve the ESA because it contains Commission-approved terms that the Facility is eligible for based on its characteristics such as fuel source, project size, generation output profile, and renewal contract status.

Additionally, the Facility has helped offset Idaho Power's need for additional capacity investments. The Commission thus finds it just and reasonable to include capacity payments for the duration of the ESA. The Commission also finds the HP-to-kW calculation used to determine the nameplate capacity of the Facility is accurate and appropriate. Last, the Commission finds Idaho Power's payments for purchases of energy and capacity under the ESA are prudently incurred expenses for ratemaking purposes.

### **ORDER**


IT IS HEREBY ORDERED that Idaho Power's ESA with White Water Power Company Inc is approved.

IT IS FURTHER ORDERED that all payments made by Idaho Power for purchases of 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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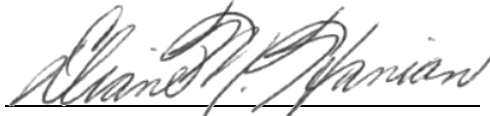
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 5<sup>th</sup>  
day of June 2020.

  
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PAUL KJELLANDER, PRESIDENT

  
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KRISTINE RAPER, COMMISSIONER

  
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ERIC ANDERSON, COMMISSIONER

ATTEST:

  
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Diane M. Hanian  
Commission Secretary

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