

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF IDAHO POWER) CASE NO. IPC-E-20-34
COMPANY’S APPLICATION FOR)
APPROVAL OR REJECTION OF AN)
ENERGY SALES AGREEMENT WITH) ORDER NO. 34875
SHAWPATIN AGCAP, LLC, FOR THE SALE)
AND PURCHASE OF ELECTRIC ENERGY)
FROM THE MUD CREEK WHITE HYDRO)
PROJECT)

On September 3, 2020, Idaho Power Company (“Idaho Power” or “Company”) applied for consideration of an Energy Sales Agreement (“ESA” or “Agreement”) with Shawpatin AgCap, LLC for energy generated by the Mud Creek White Hydro Project (“Facility”). The Facility is a 268.6-kilowatt nameplate capacity hydro facility near Buhl, 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 January 1, 2021.

On October 2, 2020, the Commission issued a Notice of Application and Modified Procedure, setting a November 19, 2020 comment deadline and a December 3, 2020 reply comment deadline. Order No. 34800. Commission Staff filed the only comments, and Idaho Power did not file reply comments.

Having reviewed the record, we approve the Company’s Application as discussed below.

THE APPLICATION

The Facility has been delivering energy to Idaho Power in accordance with an energy sales agreement dated April 15, 1985, which expires December 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.

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.

Staff verified that the non-seasonal hydro avoided cost rates contained in the ESA 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 believes that a five-day advanced notice is appropriate for any project, regardless of the amount of project generation history.

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 35-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. Therefore, Staff recommended the Facility be granted capacity payments for the full term of 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 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, and the comments of Staff. 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, and renewal contract status. Additionally, the Facility has helped meet Idaho Power's need for additional capacity. The Commission thus finds it just and reasonable to include capacity payments for the duration of the ESA. 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 Shawpatin AgCap, LLC 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. 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 December 2020.



PAUL KJELLANDER, PRESIDENT

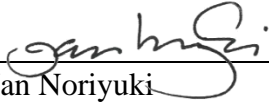


KRISTINE RAPER, COMMISSIONER



ERIC ANDERSON, COMMISSIONER

ATTEST:



Jan Noriyuki
Commission Secretary

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