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December 27, 2021

**VIA ELECTRONIC MAIL**

Jan Noriyuki, Secretary  
Idaho Public Utilities Commission  
11331 West Chinden Blvd., Building 8  
Suite 201-A  
Boise, Idaho 83714

Re: Case No. IPC-E-21-09  
Idaho Power Company's Application for Capacity Deficiency To Be Utilized  
For Avoided Cost Calculations

Dear Ms. Noriyuki:

Attached for electronic filing is Idaho Power Company's Response to IdaHydro's Motion in the above entitled matter. If you have any questions about the attached document, please do not hesitate to contact me.

Very truly yours,

A handwritten signature in black ink that reads "Donovan E. Walker".

Donovan E. Walker

DEW:cld  
Enclosures

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Attorney for Idaho Power Company

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF IDAHO POWER	)	
COMPANY'S APPLICATION FOR	)	CASE NO. IPC-E-21-09
APPROVAL OF THE CAPACITY	)	
DEFICIENCY TO BE UTILIZED FOR	)	IDAHO POWER COMPANY'S
AVOIDED COST CALCULATIONS	)	RESPONSE TO IDAHYDRO'S
	)	MOTION
	)	

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Idaho Power Company ("Idaho Power" or "Company"), in accordance with RP 56 and 256 hereby respectfully Answers and Responds to the Motions filed by Idaho Hydroelectric Power Producers Trust ("IdaHydro") in Case No. IPC-E-21-09 and IPC-E-21-41 on December 10, 2021. As set forth herein, IdaHydro's Motions should be denied.

**I. INTRODUCTION**

On December 10, 2021, IdaHydro filed a Motion for an Order Setting Capacity Deficiency Date in Summer 2023 in Case No. IPC-E-21-09. IdaHydro also on that same day filed a Motion to Dismiss Requests for Relief 2 and 3 in Case No. IPC-E-21-41. IdaHydro's Motion in IPC-E-21-09, the capacity deficiency case, cites to and relies upon not only its Comments in this case, but also Case No. IPC-E-21-41, Idaho Power's Application for Authority to Proceed with Resource Procurements. Likewise, IdaHydro's Motion in IPC-E-21-41 cites to and relies upon IPC-E-21-09, the capacity deficiency case. For the sake of clarity, and because IdaHydro's arguments relate to and rely upon the

interaction between these two cases, Idaho Power hereby responds to the Motions in both dockets with this single and unified Response.

## **II. CASE NO. IPC-E-21-09, PURPA CAPACITY DEFICIENCY**

In a very brief one-page motion IdaHydro asks the Idaho Public Utilities Commission (“Commission” or “IPUC”) to set the capacity deficiency date in summer 2023, which is the same request that IdaHydro made in its Comments filed on July 21, 2021. IdaHydro’s Motion states, almost in its entirety:

IdaHydro bases this motion upon the concurrence of both Intervenor IdaHydro and Applicant Idaho Power Company (“Idaho Power”) that Idaho Power will be capacity deficient in the summer of 2023. This is based upon the coincidence of *IdaHydro’s Comments*, filed herein on July 21, 2021, and Idaho Power’s *Application for Authority to Proceed with Resource Procurements*, dated December 3, 2021, in Docket No. IPC-E-21-41, and the attached *Declaration of C. Tom Arkoosh*, filed herein on December 9, 2021.<sup>1</sup>

IdaHydro Motion, Case No. IPC-E-21-19, p 1.

Case No. IPC-E-21-09 was filed by Idaho Power on April 9, 2021. The Application was made after the Commission’s acknowledgment of the Company’s Second Amended 2019 Integrated Resource Plan (“IRP”), and pursuant to Order No. 34649, Case No. IPC-E-19-20.<sup>2</sup> The Industrial Customers of Idaho Power (“ICIP”) and the Idaho Hydroelectric Power Producers Trust (“IdaHydro”) were granted intervention on June 23, 2021. Order No. 35084. Commission Staff (“Staff”) and IdaHydro filed Comments on July 21, 2021. ICIP did not file Comments. Idaho Power filed Reply Comments on July 28, 2021,

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<sup>1</sup> The referenced Declaration of C. Tom Arkoosh, filed on December 9, 2021, simply attaches Idaho Power’s Application from Case No. IPC-E-21-41.

<sup>2</sup> Order No. 34649 dismissed Idaho Power’s previously filed Application for approval of the capacity deficiency to be utilized for avoided cost calculations that was made at the time of filing of the 2019 IRP and directed the Company to make the filing after Commission acknowledgment of the IRP.

agreeing and accepting Staff's recommended changes and adjustments to the capacity deficiency determination. The Case appeared as a "fully submitted" matter on the Commission's October 12, 2021, Decision Meeting, where the Commission determined that the matter was fully submitted and would be deliberated privately.<sup>3</sup>

IdaHydro requested in its July 21, 2021, Comments, "that the capacity deficiency date for PURPA QF avoided costs be set at a mid-summer month in 2023." IdaHydro Comments, p 2. IdaHydro refers to the Company's Notice of Intent to seek requests for proposals that references a capacity need identified as early as Summer 2023 and asks the Commission to establish the same for PURPA avoided costs. *Id.*, at p 1-2.

Staff issued several discovery requests and filed Comments recommending that the Company update the first capacity deficit from that contained in the acknowledged Second Amended 2019 IRP, which was that contained in the Company's Application, by incorporating several updates and changes. Staff Comments, p 1-2, 10. Staff also recommended that the Commission open a generic docket to determine the timing of the deficiency date filing in relation to the timing of the IRP, "*i.e.*, after the filing of an IRP, after the acknowledgment of an IRP, or at other times." *Id.* at p 10.

In its Reply Comments Idaho Power acknowledged, "an apparent difference between the first capacity deficit that appears in the acknowledged 2019 Amended IRP (2028) and that which is referenced in the Company's Notice of Intent to seek requests for proposals and the Request for Proposals itself seeking generation to meet an identified capacity deficit in 2023." Idaho Power Reply Comments p 2. Idaho Power noted that, as Staff discussed in its Comments, this difference is due to several factors

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<sup>3</sup> Idaho Public Utilities Commission Minutes of Decision Meeting, October 12, 2021, 1:30 p.m. <https://puc.idaho.gov/Fileroom/PublicFiles/Agenda?2021?20211013MIN.pdf>

including differences in timing, changed circumstances, and differing methodological approaches between the 2019 and 2021 IRPs. Also, as noted by Staff, the unusually long delay in the processing of the 2019 IRP, combined with the change in timing of the filing of the capacity determination for avoided costs from the time of filing of the IRP to the time of acknowledgment of the IRP caused an unusually large overlap in timing between the 2019 and 2021 IRP cycles, and a longer period of time over which circumstances changed. Idaho Power Reply Comments p 2-3.

Idaho Power agreed with and accepted Staff's recommended changes and adjustments to the capacity deficiency date which are as follows:

- Utilize the most recent load forecast developed by the Company;
- Reduce the amount of Market Purchases from southern pathways by 310 MW and only include 50 MW starting in 2021;
- Allow non-PUPRA PPAs to expire on their actual expiration dates;
- Reflect contract changes since the preparation of the L&R, which include PURPA contract updates identified in Response to Staff's Production Request No. 7 and approval of the Jackpot Solar contract; and
- Correct the capacity value of Valmy Unit 2 and Bridger.

Staff Comments, p 10. Idaho Power also expressed its preference that future capacity deficiency filings for PURPA avoided cost rates should revert back to the originally directed timing, to be made at the time the IRP is filed. Idaho Power Reply Comment p 4-5.

Here, IdaHydro's Motion should be denied for several reasons. First, its Motion is untimely, as it was made several months after the case was fully submitted and taken into private deliberations by the Commission. (Fully submitted and taken into private

deliberations on October 12, 2021 -- Motion filed on December 10, 2021). Secondly, its Motion reiterates the same requested relief that IdaHydro already submitted to the Commission in its initial Comments on July 21, 2021, and thus is unnecessary. IdaHydro provides little, if any, explanation or argument in support of its Motion - except to refer to Idaho Power's December 3, 2021, Application seeking authority to proceed with resource procurements in order to meet peak deficits in 2023, 2024, and 2025. Idaho Power's initial Notice of Intent to seek request for proposals was issued on May 21, 2021, and the initial corresponding Request for Proposals seeking generation up to 80 MW to meet an identified capacity deficit in 2023 was issued on June 30, 2021. The first identified deficit of 2023 was the same then as it was, and is, in Idaho Power's December 3, 2021, Application seeking authority to proceed with additional resource procurements for 2023, 2024, and 2025. IdaHydro's Motion was untimely and does not present anything new or different to the Commission. IdaHydro's Motion in Case No. IPC-E-21-19 should be denied.

### **III. CASE NO. IPC-E-21-41, RESOURCE PROCUREMENT**

IdaHydro, also on December 10, 2021, filed a Motion to Dismiss Requests for Relief 2 and 3 of Idaho Power's Application seeking authority to proceed with resource procurements to meet identified capacity deficiencies in 2023, 2024, and 2025. IdaHydro alleges that the Company is seeking to manipulate the first capacity deficit from IPC-E-21-09 and fill it with utility owned resources - and that Request for Relief 3 seeks a Commission finding that the Commission does not need to implement PURPA and its mandatory purchase requirement. IdaHydro Motion, Case No. IPC-E-21-41, p 2.

IdaHydro's Motion should be denied for several reasons. First, dismissal of Idaho Power's requests for relief is not the appropriate remedy for IdaHydro's requests to set the capacity deficiency for PURPA avoided cost pricing. That request is properly before

the Commission in Case No. IPC-E-21-09, where IdaHydro has participated, filed Comments, and requested that the Commission set the first capacity deficiency for PURPA avoided cost pricing at summer of 2023 - the same first deficit identified by Idaho Power in its 2021 Request for Proposals and in its December 3, 2021, Application seeking authority to proceed with resource procurements.

The Commission established a separate process and proceeding by which it will set the Company's first capacity deficit - separate from the IRP - for purposes of PURPA avoided cost pricing. Case No. GNR-E-11-03, Order No. 32697, p 22-23, (December 18, 2012). As acknowledged by IdaHydro in its Motion, the capacity deficiency determined through the IRP planning process is the starting point and presumed to be correct pending the outcome of the PURPA capacity deficiency case. Order No. 32697 p 23; IdaHydro Motion p 2. Idaho Power's most recent IRP, the Second Amended 2019 IRP, was acknowledged by the Commission on March 16, 2021.<sup>4</sup> Idaho Power filed the PURPA capacity deficiency case (IPC-E-21-09) on April 9, 2021, as directed by the Commission. The acknowledged 2019 IRP does not show a first capacity deficit until the summer of 2028. However, during the preparation of the 2021 IRP that Idaho Power anticipates filing before the end of this year, an updated Load and Resource ("L&R") balance analysis in May 2021 identified a first capacity deficit of 78 megawatts ("MW") in June of 2023, growing each year through 2026, when the Boardman to Hemingway ("B2H") 500 kilovolt transmission line is expected to be operational. See, Idaho Power Application, Case No. IPC-E-21-41, p 2. Staff conducted discovery, and in its July 21, 2021, Comments recommended that the Company update the first capacity deficit from that contained in the acknowledged 2019 IRP, which was that contained in the Company's Application, by

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<sup>4</sup> Case No. IPC-E-19-19, Order No. 34959.

incorporating several updates and changes. Staff Comments, Case No. IPC-E-21-09, p 1-2, 10. Idaho Power agreed to make Staff's adjustments. Idaho Power Reply Comments, Case No. IPC-E-21-09, p 3, 5. The Case is fully submitted, in private deliberations, and awaiting a final determination from the Commission. It is unclear from IdaHydro's Motion to Dismiss, beyond mere speculation, why it would be necessary to dismiss Idaho Power's requested relief in the resource procurement case in order to set a proper capacity deficiency according to its unique process and docket for PURPA avoided cost.

Additionally, nothing in Case No. IPC-E-21-41 states that Idaho Power is refusing or will refuse to follow PURPA's mandatory purchase obligation. Idaho Power will continue to purchase all generation from PURPA Qualifying Facilities as required by federal law at the proper avoided cost rates as determined by the IPUC. The Commission has successfully implemented a system of regulation that protects its regulated utilities, customers, and balances the promotion of PURPA QF generation development. Asking the Commission to affirm its support for the regulatory principles affirmed by the Idaho Supreme Court in *Idaho Power & Light Co. v. Bloomquist et al.*, 26 Idaho 222, 141 P.1083 (1914) that support the regulated utility in the Commission's protection of customers and in the implementation of PURPA, is not automatically contrary to PURPA, nor the setting of a separate capacity deficiency for PURPA avoided cost pricing. IdaHydro's Motion to Dismiss should be denied.

IdaHydro's Motion to Dismiss presumes some kind of malfeasance that simply is not present. IdaHydro does not identify any particular member of its organization, nor any particular QF that has been harmed, or that Idaho Power has refused to contract with. Idaho Power has a duty, as the certificated public utility in its service territory to cost-effectively and reliably serve all load. Idaho Power does not have a choice but to acquire



and procure additional generation resources to meet the identified capacity deficits in 2023, 2024, and 2025. Because of the unanticipated and rapid nature of the emergence of these capacity deficits, there is little time to develop such resources. It is likely that the Company will need all available resources - company-owned, PURPA, third-party non-PURPA, and any generation that can be developed and brought online in time to meet these deficits.

Idaho Power has been in a resource sufficient position for almost a decade since the addition of the Langley Gulch combined-cycle, natural gas-fired power plant, in 2012. Over the course of approximately two months - from the March 2021 acknowledgement of the 2019 IRP to the revised Load and Resource Balance in May of 2021 - Idaho Power rapidly identified near term capacity deficiencies starting in summer 2023 and growing through 2024 and 2025 until the B2H 500 kilovolt transmission line is expected to be operational in 2026. This has been discussed for several months with the IRPAC and as part of the development of the 2021 IRP. It will also be contained in and part of the 2021 IRP that will be filed in a matter of days - prior to the end of 2021.

Idaho Power must meet its obligation to reliably serve customers and must meet those capacity deficits to prevent wide-spread outages in its service area. The Company must do this in a rapidly changing and dynamic environment, with an already short turn-around time to meet deficits in 2023 exacerbated by an environment of global supply chain disruption and issues preventing the timely construction of new resources as well as previously contracted PPA generation from coming online in a timely manner.

Idaho has a long, successful history of state commission regulation of public utility service providers, focused on the public interest and Commission oversight. The Commission's regulation, through required CPCN, rate-making processes, and its implementation of PURPA provides sufficient protection and has benefit for both

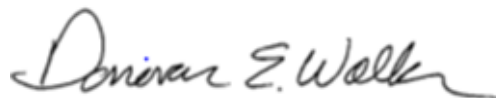
customers and the Company, and has served Idaho customers and Idaho Power very well for over 100 years. The Commission has balanced the protection of its regulated public utilities and the public in a manner that has also promoted PURPA generation development at levels that far exceed many other states and jurisdictions.

IdaHydro's Motion to dismiss Idaho Power's requested relief in the resource procurement docket - based upon its conjecture and speculation about what the Commission may or may not do with regard to a separate docket initiated and fully submitted for the establishment of capacity deficiency for PURPA avoided costs - or additional conjecture and speculation about what may or may not come to pass with regard to utility ownership of generation resources - should be denied.

#### **IV. REQUEST FOR RELIEF**

Idaho Power respectfully requests that the Commission issue an order denying IdaHydro's Motions.

Respectfully submitted this 27<sup>th</sup> day of December 2021.



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DONOVAN E. WALKER  
Attorney for Idaho Power Company

## CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on the 27th day of December 2021 I served a true and correct copy of the within and foregoing Idaho Power's Response to IdaHydro's Motion upon the following named parties by the method indicated below, and addressed to the following:

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Idaho Public Utilities Commission  
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Christy Davenport, Legal Assistant