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Attorney for the Commission Staff

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

**IN THE MATTER OF IDAHO POWER )**  
**COMPANY’S ANNUAL COMPLIANCE )** **CASE NO. IPC-E-21-35**  
**FILING TO UPDATE THE LOAD AND GAS )**  
**FORECASTS IN THE INCREMENTAL COST )**  
**INTEGRATED RESOURCE PLAN AVOIDED )** **COMMENTS OF THE**  
**COST MODEL )** **COMMISSION STAFF ON**  
**)** **PETITION FOR**  
**)** **CLARIFICATION AND/OR**  
**)** **RECONSIDERATION**  
**)**

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**STAFF OF** the Idaho Public Utilities Commission, by and through its Attorney of record, Riley Newton, Deputy Attorney General, submits the following comments.

**BACKGROUND**

On February 11, 2022, Idaho Power Company (“Company”) filed a Petition for Clarification and/or Reconsideration (“Petition”), requesting: (1) clarification whether the Commission intended for it to use New York Mercantile Exchange (“NYMEX”) forwards as of October 15, 2021, for the first three years of the natural gas forecast (“Forecast”) to be used to develop avoided cost prices using the Incremental Cost Integrated Resource Plan (“ICIRP”) avoided cost model; (2) confirmation that the Commission intended to direct the Company to file

an updated 20-year gas price forecast; and (3) confirmation of the methods to be used after the first three years.

## **STAFF REVIEW**

Staff's review focused on the vintage of NYMEX forwards for the first three years, the term of natural gas price forecast, and the methods used after the first three years. Staff agrees with the Company's proposals set forth in the Petition in all three of these areas.

### Vintage of NYMEX Forwards for First Three Years

Staff believes it is reasonable to use the NYMEX forwards as of October 15, 2021, because, as stated in Order No. 35294, this case is intended to annually update load and gas forecasts by October 15 of each year. In addition, Order No. 35294 rejects the Company's proposal to use the Platts' December 2021 forecast, which was generated after October 15.

### Term of Natural Gas Price Forecast

Staff agrees with the Company that a term of natural gas price forecasts longer than three years is needed. Although the ICIRP avoided cost methodology is used for contracts with a maximum term of two years, a project can request pricing that may not start for several years. This circumstance requires gas forecasts to be longer than three years to provide pricing for a future 2-year term contract; therefore, Staff recommends that the Company file a 20-year forecast.

### Methods used After the First Three Years

The Company proposes to transition to the July 2021 vintage of the Platts' forecast in year four by averaging the NYMEX and Platts' prices, and then only use the Platts' prices for years five through twenty. Staff believes this is a reasonable approach for several reasons.

First, Staff believes averaging the two forecasts for year four is appropriate since it is during this time frame that economic fundamentals start to become a better predictor of future natural gas prices. Second, Staff believes using the Platts' forecast exclusively for years five

through twenty is appropriate because it is comparable to the other two Idaho utilities' forecasts<sup>1</sup> and to the Platts' updated December 2021 forecast submitted by the Company in its reply comments for the same period.

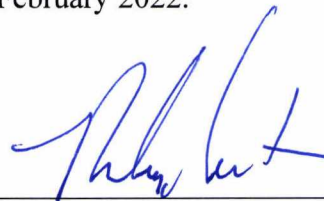
## STAFF RECOMMENDATIONS

Staff recommends that the Commission authorize the Company to use NYMEX forwards as of October 15, 2021, to develop the 20-year forecast used in the ICIRP avoided cost model.

In addition, Staff recommends the following:

1. Use years 2022, 2023, and 2024 NYMEX forwards for the Forecast;
2. Use an average of the 2025 NYMEX forwards and year 2025 of the July 2021 vintage Platts' forecast, as proposed in the Company's Petition, for year 2025 of the Forecast;
3. Use years 2026 through 2041 of the July 2021 vintage Platts' forecast for the remaining years of the Forecast; and
4. Submit the updated 20-year Forecast as a compliance filing.

Respectfully submitted this 18<sup>th</sup> day of February 2022.



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Riley Newton  
Deputy Attorney General

Technical Staff: Yao Yin

i.umisc/comments/ipce21.35rnyytnc comments

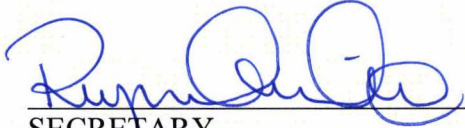
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<sup>1</sup> See Figure No. 4 in Staff's Comments filed on December 21, 2021, and Case Nos. AVU-E-21-14 and PAC-E-21-20 for the individual utility forecasts.

## CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 18<sup>th</sup> DAY OF FEBRUARY 2022, SERVED THE FOREGOING **COMMENTS OF THE COMMISSION STAFF ON PETITION FOR CLARIFICATION AND/OR RECONSIDERATION**, IN CASE NO. IPC-E-21-35, BY E-MAILING A COPY THEREOF, TO THE FOLLOWING:

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