

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

**IN THE MATTER OF THE APPLICATION ) CASE NO. IPC-E-22-10**  
**OF IDAHO POWER COMPANY FOR )**  
**APPROVAL OR REJECTION OF AN ) ORDER NO. 35435**  
**ENERGY SALES AGREEMENT WITH )**  
**FAULKNER BROTHERS HYDRO, FOR THE )**  
**SALE AND PURCHASE OF ELECTRIC )**  
**ENERGY FROM THE FAULKNER RANCH )**  
**HYDRO PROJECT )**

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On April 1, 2022, Idaho Power Company (“Company”) applied for approval or denial of an Energy Sales Agreement (“ESA”) between the Company and Faulkner Brothers Hydro (“Seller”) under which the Company would purchase electric generation from the Faulkner Ranch Hydro Project (“Facility”). The Company represented that the Seller currently has a Public Utility Regulatory Policies Act of 1978 (“PURPA”) energy sales agreement with the Company for the Facility that was executed on December 11, 1986 (“1986 Agreement”). The 1986 Agreement expires on July 31, 2022.

The Company represented that, on March 21, 2022, the Company and the Seller entered the ESA for a Non-Seasonal Hydro project for a 20-year term using the non-levelized, non-seasonal hydro published avoided cost rates as established by the Commission in Order No. 35052, for replacement contracts and for energy deliveries of less than ten average megawatts (“aMW”).

The Company represented that the maximum capacity amount for the ESA was 870 kilowatts (“kW”), and the Facility would not exceed ten aMW monthly. Should the Facility exceed ten aMW monthly or 870 kW on an hourly basis, the Company would accept the energy (“Inadvertent Energy”) but would not purchase or pay for the Inadvertent Energy. The Company has also represented that the project configuration in the ESA was the same configuration that had been operating under the 1986 Agreement, and the ESA contained payment for capacity during the full term.

The Company requested that the Commission accept or reject the ESA and declare that all payments for purchases of energy under the ESA be allowed as prudently incurred expenses for ratemaking purposes.

## **STAFF COMMENTS**

Staff reviewed the Company's Application and submitted material. Staff focused on: (1) the eligibility for and the amount of capacity payments; (2) the 90/110 Rule with at least five-day advanced notice for adjusting Estimated Net Energy Amounts; and (3) avoided cost rates.

Based on its review, Staff believed the Facility should be granted immediate capacity payments for its entire generation capacity amount over the full term of the ESA. Staff confirmed that the ESA contained the 90/110 Rule as required by Commission Order No. 29632, and Staff also confirmed that the ESA required the Seller to give the Company at least five-day advanced notice if the Seller planned to adjust its Estimated Net Energy Amounts for purposes of complying with the 90/110 Rule. Finally, Staff verified that the avoided cost rates contained in the ESA were correct.

Staff recommended that the Commission approve the ESA as filed and declare that all payments for purchases of energy under the ESA between Idaho Power and the Seller be allowed as prudently incurred expenses for ratemaking purposes.

## **COMMISSION FINDINGS AND DECISION**

The Commission has jurisdiction over the Company's Application and the issues in this case under Title 61 of the Idaho Code including, *Idaho Code* §§ 61-501, -502, and -503. The Commission is empowered to investigate rates, charges, rules, regulations, practices, and contracts of all public utilities and to determine whether they are just, reasonable, preferential, discriminatory, or in violation of any provisions of law, and to fix the same by order. *Idaho Code* §§ 61-501, -502, and -503.

The Commission has reviewed the Company's Application including all submitted materials, Staff comments, and Company reply comments. Based on its review of the record, the Commission finds it fair, just, and reasonable to approve the Company's Application as filed. The Commission also finds that all payments for purchases of energy under the ESA between Idaho Power and the Seller are prudently incurred expenses for ratemaking purposes.

## **ORDER**

IT IS HEREBY ORDERED that the ESA between the Company and Seller is approved as filed.

IT IS FURTHER ORDERED that purchases of energy under the ESA between the Company and the Seller are 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 upon this Order regarding 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 and 62-619.*

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 17<sup>th</sup> day of June 2022.



ERIC ANDERSON, PRESIDENT

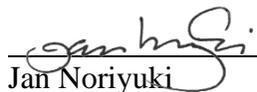


JOHN CHATBURN, COMMISSIONER



JOHN R. HAMMOND JR., COMMISSIONER

ATTEST:



Jan Noriyuki  
Commission Secretary

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