

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF IDAHO POWER)	CASE NO. IPC-E-23-34
COMPANY’S APPLICATION FOR)	
APPROVAL OR REJECTION OF AN)	
ENERGY SALES AGREEMENT WITH BIG)	ORDER NO. 36103
WOOD CANAL COMPANY FOR THE)	
SALE AND PURCHASE OF ELECTRIC)	
ENERGY FROM THE MAGIC)	
RESERVOIR HYDRO PROJECT)	
)	

On December 5, 2023, Idaho Power Company (“Company”) applied to the Idaho Public Utilities Commission (“Commission”) for approval or rejection of an energy sales agreement (“ESA”) with Big Wood Canal Company (“Seller”) (Company and Seller referred to collectively as the “Parties”) for the energy generated by the Magic Reservoir Hydro Project (“Facility”). The Facility has a 9.0-megawatt (“MW”) nameplate capacity and is a qualifying facility (“QF”) under the Public Utility Regulatory Policies Act of 1978 (“PURPA”). The Company requested that this matter be processed by Modified Procedure with a final order being published before the expiration of the current contract on June 1, 2024.

On January 3, 2023, the Commission issued a Notice of Application and established public comment and party reply deadlines. Order No. 36052. Commission Staff (“Staff”) filed the only comments in this case.

With this Order, we approve the proposed ESA, as filed.

THE APPLICATION

The Seller has been delivering energy from the Facility to the Company under a firm ESA entered into on July 10, 1987 (“1987 ESA”). The nameplate capacity remains unchanged since the Second Amendment to the 1987 ESA.¹ Under the proposed ESA, the Seller would receive capacity payments for the entire 20-year term.

The proposed ESA can be found in Attachment 1 to the Application. The Company stated that the proposed ESA adopts “a five-day advanced notice for adjusting Estimated Net Energy Amounts for purposes of complying with 90/110 firmness requirements.” Application at 7.

¹ The 1987 ESA originally had a listed a nameplate capacity of 9.9 MW and was updated by the Second Amendment to reflect the current nameplate capacity of 9.0 MW.

The Company further stated that, in compliance with Order Nos. 35705 and 35767, the proposed ESA has updated language under Article XXIII relating to modifications of the ESA or the Facility.

The Company requested the Commission approve the ESA and declare all payments for the purchase of energy under the ESA be allowed as prudently incurred expenses for ratemaking purposes.

STAFF COMMENTS

Staff reviewed the Company's Application and focused on eligibility for capacity payments, the proposed avoided cost rates, and language regarding Article XXIII. Staff recommended that the Commission approve the proposed ESA and declare all payments as prudently incurred for ratemaking purposes.

Staff noted that the Company has added significant capacity since 2000. Relatedly, Staff stated that the Facility has been operating since the mid-1980s and contributed to the Company's ability to meet its capacity needs since then. Staff noted that the Facility's nameplate capacity of 9.0 megawatts has remained unchanged since the Second Amendment of the 1987 ESA and Staff believed the Facility should be eligible for capacity payments over the full term of the ESA.

Staff also reviewed the ESA's language in Article XXIII regarding modification and recommended that if the Facility is modified, "that only the net power supply expense that reflects the proper authorized rate for all energy delivered as of the first operation date of the modified Facility be included in the Company's Power Cost Adjustment, regardless of the compensation paid to the modified Facility." Staff Comments at 2. *See* Order 35705.

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.

Having reviewed the record, including the Company's Application, the ESA, and Staff's comments, the Commission finds it reasonable to approve the ESA. The ESA contains Commission-approved terms for which the Facility is eligible based on characteristics like fuel source, project size, generation output profile, and renewal contract status. Additionally, the Facility has helped offset the Company's need for additional capacity investments. The Commission thus finds it just and reasonable to include capacity payments for the nameplate capacity listed in the ESA for the duration of the agreement. The Commission also finds that the Company's payments for purchases of energy and capacity under the ESA are prudently incurred expenses for ratemaking purposes. Finally, we support the modifications to Article XXIII which follow past Commission orders and direct that if the Facility is modified, the Power Cost Adjustment should reflect only the net power expense as authorized starting with the modified Facility's first operation date.

ORDER

IT IS HEREBY ORDERED that the Company's proposed ESA is approved and all payments for energy and capacity under the proposed ESA shall be prudent for ratemaking purposes.

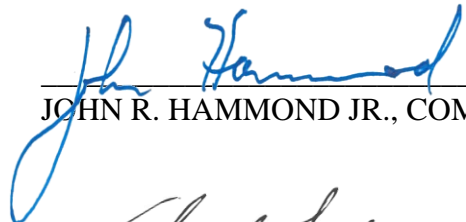
IT IS FURTHER ORDERED that, if the Facility is modified, only the net power supply expense that reflects the proper authorized rate for all energy delivered as of the first operation date of the modified Facility shall be included in the Company's Power Cost Adjustment.

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. *Idaho Code* § 61-626.

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DONE by order of the Idaho Public Utilities Commission at Boise, Idaho this 4th day of March 2024.


ERIC ANDERSON, PRESIDENT


JOHN R. HAMMOND JR., COMMISSIONER


EDWARD LODGE, COMMISSIONER

ATTEST:


Monica Barros-Sanchez
Commission Secretary

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