

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)
OF IDAHO POWER COMPANY FOR)
APPROVAL OR REJECTION OF AN)
ENERGY SALES AGREEMENT WITH THE)
CITY OF HAILEY, FOR THE SALE AND)
PURCHASE OF ELECTRIC ENERGY FROM)
THE HAILEY CSPP PROJECT)
_____)

CASE NO. IPC-E-25-04

ORDER NO. 36564

On February 11, 2025, Idaho Power Company (“Company”) filed an application (“Application”) with the Idaho Public Utilities Commission (“Commission”) requesting an order accepting or rejecting the Energy Sales Agreement (“ESA”) between the Company and the City of Hailey (“Hailey”) under which the Company would purchase electric energy generated by the Hailey cogeneration or small power production (“CSPP”) project (“Facility”) located near the city of Hailey, Idaho. The Facility is a Public Utility Regulatory Policies Act of 1978 (“PURPA”) Qualifying Facility (“QF”).

The Company represented that the Facility is a 37.3-kilowatt (“kW”) nameplate QF currently delivering energy to the Company under a March 16, 2020, ESA (“2020 ESA”) that was approved by the Commission in Order No. 34690 and expires on June 24, 2025. Application at 2. The Company stated that the ESA submitted with its Application is a new contract with the same Facility for a new term with updated terms and conditions to replace the 2020 ESA upon its expiration. *Id.*

The Company represented that under the proposed ESA, the Company would purchase electric energy generated by the Facility at non-levelized rates calculated for a QF in the “Non-Seasonal Hydro” category pursuant to the surrogate avoided resource (“SAR”) avoided cost methodology for a 5-year term, with full capacity payments for the entire term. *Id.*

STAFF COMMENTS

Staff’s review focused on the ESA’s capacity payments, avoided cost rates, the 90/110 Rule with at least 5-day advanced notice for adjusting Estimated Net Energy Amounts, the definition of Mid-Columbia Market Energy Cost, Article XXIII (Modification), and Section B-1 of Appendix B. Staff Comments at 2.

Based on its analysis, Staff recommended that the Commission approve the ESA and declare that all payments the Company makes to the Seller for purchases of electric energy generated by the Facility will be allowed as prudently incurred expenses for ratemaking purposes. *Id.* However, Staff recommended that Commission approval be conditioned on the parties modifying the definition of Mid-Columbia Market Energy Cost to avoid potential impacts of Washington’s Climate Commitment Act (“CCA”) and removing the last paragraph in Section B-1 of Appendix B. *Id.*

Staff also recommended that only the net power supply expense that reflects the proper authorized rate of the Facility as actually modified 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 Seller. *Id.*

COMPANY REPLY COMMENTS

The Company requested that the Commission: (1) approve the City of Hailey CSPP ESA as originally submitted, without the addition of the modified language from the Pleasant Valley PPAs as recommended by Staff; (2) alternatively, approve the ESA conditioned upon the parties submitting an amendment making the change to the “Mid-Columbia Market Energy Cost” and the change to Appendix B in a subsequent compliance filing for approval of said amendment, (3) declare whether it expects the Company to include the modified definition of “Mid-Columbia Market Energy Cost” with regard to the CCA in all of the Company’s PPAs going forward, and (4) declare all payments the Company makes to the Seller for purchases of electric energy generated by the Facility will be allowed as prudently incurred expenses for ratemaking purposes. Company Reply Comments at 6-7.

COMMISSION FINDINGS AND DECISION

The Commission has jurisdiction over this matter under *Idaho Code* §§ 61-501, 61-502, and 61-503. The Commission is vested with the power to “supervise and regulate every public utility in the state and to do all things necessary to carry out the spirit and intent of the [Public Utilities Law].” *Idaho Code* § 61-501. 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.

Having reviewed the Application and all submitted materials, the Commission finds it fair, just, and reasonable to approve the ESA and to declare that all payments the Company makes to Hailey for purchases of electric energy generated by the Facility will be allowed as prudently incurred expenses for ratemaking purposes. While the Commission does not find it necessary to order the Company to include the modified definition of “Mid-Columbia Market Energy Cost” with respect to the CCA in all of the Company’s PPAs or ESAs going forward, the Company is directed to ensure that, consistent with the Commission’s previous orders and to the extent reasonably practicable, no CCA cost are borne by the Company’s Idaho rate payers.

ORDER


IT IS HEREBY ORDERED that the ESA is approved. All payments the Company makes to Hailey for purchases of electric energy generated by the Facility will be 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 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. *Idaho Code* §§ 61-626.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 23rd day of April 2025.



EDWARD LODGE, PRESIDENT

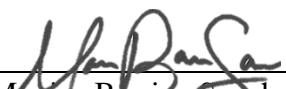


JOHN R. HAMMOND JR., COMMISSIONER



DAYN HARDIE, COMMISSIONER

ATTEST:



Monica Barrios Sanchez
Commission Secretary

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